China weekly Review

密勒氏評論報

The Constitutions of India & China . . . MERVYN JONES

NEW DEMOCRACY on the CAMPUS
EARL WILLMOTT

A LETTER FROM THE FRONT

CHEN YUN'S report to PPCC on INDUSTRY, COMMERCE & TAXATION

JULY 1, 1950

JMP 4,000

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LETTERS From the People

Comments from readers on current topics are cordially invited: their opinions, however, do not necessarily represent the views of the China Weekly Review.

PRISONER'S DRAMA

To the Editor:

We saw a very interesting play at the theater the other night. All the players that night were prisoners. They came to the theater in a patrol car but were free to go out for their meal in small wayside restaurants and to walk about without guard until it was time for them to go on the stage.

The prisoners enacted their lives in pre-liberation and post-liberation prisons and the situations that led them to become "fan-ren" (criminals). Quite a good bit of talent was displayed.

M. V. P.

Tientsin
June 14, 1950

KWEICHOW'S PROGRESS

To the Editor:

Under the accurate leadership of the Communist Party and the Kweichow Provincial People's Government we are struggling with great effort along a difficult road and coming to a day of happiness. It is indeed true that "Coordination of accurate leadership and the great strength of the people is a force unparalleled in the world which can overcome everything." We have a bright future if only we will firmly maintain this strength.

During the last two months, although the government authorities in Kweichow have offered kind treatment to all reactionary remnants—no matter how reactionary they were, they will be pardoned if they seek to serve the people—the secret service agents of the Kuo-mintang remnants have violated social order through different intrigues.

These secret agents have spread rumors that reactionary forces had occupied some districts around the city of Kweiyang; that Nationalist remnants would revolt in Kweiyang; and that silver dollars would be circulated again. One particularly ridiculous rumor was that the local government authorities were kidnapping children because Chairman Mao eats a child every day and the USSR is taking children as raw materials for their experiments in the manufacture of atomic bombs.

Of course all these stories were absolutely untrue, but they did confuse some ignorant people and created more difficulties for the government. However, the facts have proved that under the policy of the government all difficulties can be overcome. Moreover, with the achievement of a stable economic situation throughout the whole country and the liberation of Hainan, people in Kweichow have begun to live a happy and safe life. Today Kweichow is marching toward a glorious future.

WOO MING-FU

Kweiyang
May 15, 1950

Correction

Several lines were transposed in the first paragraph of the text of Mao Tse-tung's report to the Seventh Central Committee of the Chinese Communist Party, published in last week's issue of the Review, page 71. Beginning with the third sentence, the paragraph should read: "The people's movement for peace and in opposition to war has spread in the various countries throughout the world. The national liberation movements aiming at throwing off the yoke of imperialism, have greatly extended. Especially noteworthy are the mass movements of the Japanese and German people that have arisen against US occupation and the people's liberation struggles that have developed among the oppressed nations in the East."

TEACHING METHODS

To the Editor:

Today is Teachers' Day and I am glad to have been asked to write something for our school's wall newspaper about my reflections and self-criticism on my teaching experience.

Since my graduation from university over six years ago I have been teaching English in middle schools. In this period I have done everything I possibly could to make my students what I wish them to be. Such a cordial attitude of mind, I have every reason to believe, has been patent to and sympathetically felt by most of the intelligent and conscientious students who have been under my guidance. But I am sorry to say, though so far I have not proved to be an entire failure yet there is much left to be desired.

I should have detected that mere dependence on patience and unavailing efforts, without an effective and proper method in teaching, was bound to fail in leading students to advancement and improvement and the final result would be unsuccessful. To understand something oneself is one thing, but to make others understand what one wants them to understand is another thing. How to make others comprehend one's teaching is more significant than that one has gained a perfect understanding of it oneself.

However, lack of honesty and sincerity; absence of warmth and cordiality; and even practice of deceit and fraud not only constitute an unjust and ignoble attitude that a teacher may assume toward his students but also a very mortal vice in teaching. Above all, we educational workers can never fail to realize that what the teacher has is less important than what he is.

BARING NEE

Changsha, Hunan
June 6, 1950

FROM MONKEY TO MAN

To the Editor:

I should like to report to you what I have learned from studying the section, "Labor Makes the World" from the book, "History of Social Development."

The basic difference between man and monkey is that man is able to create tools in order to improve his livelihood. Thus, man is able to develop new modes of production which lay the foundation for social progress. In this way, we can understanding the real meaning of "Labor Makes the World." We can also see from our studies that 1) Social parasites are like animals for they do not contribute labor or creative powers; 2) We must rid ourselves of the wrong idea of contempt for labor and laboring people.

WONG SZE-LIANG

Shanghai
June 23, 1950

TIENTSIN BUSINESS

To the Editor:

A few import-export men in Tientsin have been seen going around with long faces lately. Their story is that they've been taking losses on some of their hoarded goods. And though

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CHINA WEEKLY REVIEW

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Vol. 118 Shanghai, Saturday, July 1, 1950 No. 5

"PRACTICAL POLITICS"

WHILE Chiang Kai-shek boasts of preparing for a counterattack against the mainland and while the US government continues to insist that the KMT is the legal government of China, the facts of the situation add up to an entirely different picture.

This incongruous situation has been in existence for about a year now and has given us all a very valuable lesson in "practical politics." About two years ago the tide of the civil war openly began to turn against the KMT. A year ago Chiang was in full flight. Peking, Nanking, Shanghai, and other key cities throughout the length and breadth of China rapidly fell to the advancing PLA.

For the past 12 months or so Chiang has been holed up on a few islands off the China coast. The PLA has been steadily whittling away until today about all that is left to Chiang is the single island of Taiwan.

Here Chiang is still free to rule as a feudal overlord and to fulminate against the fortunes which have seen him fall from the position of virtual dictator of a nation of nearly half a billion people to the role of island chieftain.

However, even his days as ruler of Taiwan are limited. From his capital city, Taipeh, come reports bearing all the earmarks of disintegration: negotiations with foreign countries for the sale of the island's industrial plants, diminishing gold reserves, fierce inter-family and inter-party feuding, the fleeing of well-heeled retainers, stepping up of repressive measures against an increasingly restive population.

Reports from abroad are no less revealing. One by one the nearly bankrupt KMT is withdrawing from various international bodies, especially those which require monetary contributions from members. Latest signs of the times are contained in reports from America of the closing of KMT consulates and the discharging of surplus staff from those remaining open.

Consulates in Seattle, Boston, New Orleans and Portland have or are being closed, while those in Chicago, San Francisco and Los Angeles have been ordered to reduce their staffs by one-third. In Honolulu, four of the five staff members of the KMT consulate-general there have denounced the KMT and asked for political haven in the US. A spokesman for the group said that they had not been paid for six months and that they did not wish to return to Taiwan in view of the uncertain future of the Chiang regime.

* * *

THUS it is evident that the KMT can hardly qualify as a real government. It has not only lost control of nearly all the country, but is on the verge of losing its last island.

Despite these obvious realities of the situation, the United States government persists in pretending that Chiang and his small band of followers, which is growing smaller with almost each passing day (Two of his closest and richest relatives, who were formerly trusted collaborators in both the party and the government, deserted him just last week), constitute the real and legal government of China.

On the surface such an attitude seems incomprehensible. However, since men's actions are governed by motives of one sort or another, we must look a bit deeper. The internal changes which have come to China, we know full well, are not to the liking of the American government. Likewise, we know that the removal of the KMT from world councils and the entrance of the people's China in its stead will not strengthen America's hand in the cold war. We can thus only conclude that the American government is doing exactly as it pleases, the facts notwithstanding. Truman and Acheson will not withdraw recognition from the KMT and accord it to the actual government of China simply because they do not wish to do so.

This attitude toward the new China became evident as long ago as last autumn when Secretary of State Acheson laid down a "threefold test for recognition of governments." His three conditions, according to a Washington dispatch of October 13, 1949, were:

1) That the government should control the country that it claims to control.

2) That it should recognize its international obligations.

3) That it should rule with the acquiescence of the people who are ruled.

Taken at their face value, these conditions appear to be reasonable enough. Obviously a government cannot be a government unless it is in effective control of the country. It is also reasonable to expect the governments to recognize their international obligations. If a government enters into treaty relations with foreign countries it should be expected to live up to its promises.

However, here is where the first difficulty arises. What Secretary Acheson had in mind when he said "international obligations" were the international obligations of *past* governments. This becomes an entirely different thing. The new government of China cannot be expected to assume the tremendous bad debts piled up by the KMT and its warlord and empire predecessors. A major portion of the KMT debt, for instance, was incurred in borrowing money for its unsuccessful attempt to suppress the people's government.

Acceptance of the KMT's foreign debts would, for instance, make the Chinese people liable for money which the KMT is even now spending for the American bombs which it drops on the people. No sane person can expect one to pay for his own injury deliberately caused by an enemy.

Has the American government withdrawn recognition from Britain, France or Germany because these countries defaulted on their World War I debts? Did the US government accept the debts and obligations of the confederacy following the American Civil War?

The same situation prevails with foreign treaties. The new government can no more be expected to accept the discriminatory and unequal portions of the KMT's treaties than can the American government be expected to restore to Britain all the privileges which the latter held in America prior to the American Revolution.

The third condition, like the first, is obvious. At least most modern governments claim that they are the people's choice. There is no doubt but what the new China satisfies this qualification, although the US government pretends to have some doubts upon this score.

Except for the American government's rather curious interpretation of the second condition, the new China amply fulfills even Acheson's qualifications. Still, America continues to hunt for excuses to delay recognition. The ridiculousness of this situation becomes readily apparent if one applies Acheson's three conditions to Chiang's Taiwan clique, which cannot fulfill a single one.

The KMT is not in control of the country, it has begun to default even on its own international obligations (witness the US attempt to seize mortgaged KMT ships in foreign ports), while it is obvious from the stories of brutal repression emanating from Taiwan that it does not govern with the consent of the Taiwanese.

While we are concerned primarily with America's attitude toward China, the recent US recognition of French puppet Bao Dai's regime in Indo-China as the legal government of that country serves to show how lightly Acheson heeds his own "threefold test" when he takes it into into his head that he *wants* to recognize a government. The night club emperor, as the press has sarcastically dubbed Bao Dai, "rules" a few square miles which are held by French bayonets, while some 90 odd percent of the country is under the control of Ho Chih Minh's popular united front government.

* * *

HOWEVER, despite all the evidence—including recognition of the new China by such major powers as the Soviet Union, India and Britain, and a dozen or so other nations—the US government continues to act out its little farce. Such a course demonstrates quite clearly that to men such as Acheson, expedient or "practical" politics are of such importance that they outweigh facts. It is almost as if the US government had created a world of its own, in which the rules were always set by the players, and were changed on a day to day basis in accordance with the demands of the moment. Black is black one day, but the next it may be necessary to call it white.

If Acheson is so willing to lay aside principles and so willing to ignore facts in the matter of China, may we not be justified in suspecting that he may do likewise in other instances?

In American courts lawyers for the contending parties frequently go to great lengths to cast doubt upon the credibility of opposing witnesses. If a witness can be shown to have erred in judgment or to have lied on one occasion, then it may be presumed that he is likely to be unreliable on other occasions. Acheson, by his conduct of America's China policy during the past year or so, has laid both himself and his government open to suspicion before the world.

CHENGTU-CHUNGKING RAILWAY

IN 1906 the Manchu dynasty made plans for building a railway between Chengtu, capital of Szechuen province, and Chungking, the leading commercial (and now industrial) city of southwest China. However, the Manchus failed to get beyond the discussion stage and the plan was eventually dropped.

In succeeding years various attempts were made locally to revive the scheme, both with and without central government aid. Upon more than one occasion Szechuenese officials announced that the project had been reconsidered and that by such and such a date work on the line would commence. Upon such occasions contributions were "solicited" from merchants and farmers. It is difficult even to guess just how many silver dollars have been levied from the people of Szechuen through the years for the avowed purpose of constructing this 530 kilometer railway. It is certain, though, that enough money must have been collected during the past half century to build the railway several times over. Many of the great official-gentry family fortunes in Szechuen have been periodically replenished in past years by railway "contributions."

Upon one occasion the promoters of the scheme went so far as to build a few railway stations in towns along the proposed route. At other times a few sections of embankment were actually built. For years these small bits and pieces of the proposed railway have stood as monuments to the skill of those who so regularly swindled the people of Szechuen.

In 1936 the Kuomintang moved in on the graft and took a fling at the project, even going so far as to enter into some initial discussions with French interests in an effort to obtain foreign funds. However, once again the matter failed to get past the discussion—and collection—stage.

In 1945, at the conclusion of the war with Japan, Chiang Kai-shek made a trip to Chengtu from the war-time KMT capital of Chungking to

"express his thanks" to the province which had given his regime refuge during the days of the war. In the course of a speech in Chengtu, Chiang declared that the Kuomintang, as a token of its appreciation for some half dozen years of hospitality, would build the railway. It would be completed, he solemnly promised, within two years.

* * *

THAT was the last anyone has heard of the Chengtu-Chungking Railway until last week when a *Hsinhua* story from Chungking announced that the first 125 kilometer section of the line will be open for traffic before the end of this year, while the whole line will be completed and put into service by the end of 1951.

On June 16 tens of thousands of PLA soldiers began work on the embankments and other preliminary construction projects. From the Northeast steel ingots, which are being fashioned into rails by Chungking steel mills, are being sent to supplement local steel. From East China factories will come girders and plates and other materials for construction of the bridges.

The work has brought a boom to Chungking which has been in the grip of a depression since VJ Day. More than 30 iron works and machine shops which had closed are now open again, while some 20,000 unemployed workers have been taken back by local factories engaged in supplying various materials for the railway.

The economic value of the railway can scarcely be imagined unless one has travelled through the hills and valleys of Szechuen, where nearly every mile is a torturous struggle up hill and down. The linking of the rich Chengtu plain with Chungking where the Yangtze and Chialing rivers meet, will do more than almost anything else to lay a basis for an expanding economy in the southwest.

In addition, once this section is completed, it will be possible to consider adding extensions on each end, from Chengtu northward to the Lunghai line, and from Chungking south, to tie in with the line coming up into Kweichow from Kwangsi. For the first time it is possible to visualize—as a practical and early development—the linking of the vast and mountainous southwest with the rest of the country by direct rail connections.

The actual beginning of construction on work on the Chengtu-Chungking Railway is, we believe, important for a number of reasons. Aside from the practical importance of the new line, the mere fact that the people's government is the first government which has shown genuine concern over the needs and desires of the people of Szechuen is extremely significant, both politically and economically. Previous regimes talked of the railway, but never started work. The new government started work and announced the fact afterwards. The lesson will not be lost upon the people of the southwest.

25 Years Ago in *The China Weekly Review*

Students Challenge Foreign Press

June 27, 1925

On June 9, the editor of the **China Press** and other foreign papers, received a letter written in correct English and signed by "Students of Shanghai College," which contained the titles, "We Challenge the Local Press;" "Student Advice to Foreign Editors;" and "Unwise Meddling." The first paragraphs were as follows:

"Our indignation over the outrageous act of the settlement police on May 30 has been doubled since then because of the absurd attitude of the local foreign press, attacking the students constantly with false accusations and trying to arouse foreign enmity against the justice-demanding Chinese.

"The press (including the **China Press, The Shanghai Times,** and the **North China Daily News**) have completely neglected the Japanese mill strike and the killing of a mill hand by the mill owners, which is the fundamental cause of the agitation. One of the papers even went as far as to say, when compelled to give attention to the strike, that students had no business in mill strikes. Yes, students had a business, because nobody else thought it his business. It was the criminal silence of the press about the workers' grievance that stirred the students to seek publicity in the only remaining way, a public demonstration. . . "

Student Movement in Central China

In sympathy with the student riot in Shanghai, student unions of Hankow and Wuchang have declared a general strike among all government schools. . . Lecturing parades were held in Hankow and Wuchang for the two days. The Hankow Chinese press urges the necessity of organizing a strike against the British and the Japanese. Officials tried in vain to curb the students' parades. Many government schools will probably declare the summer holiday, so as to disperse the students to their homes.

10 Years Ago in *The China Weekly Review*

Status of Shanghai's French Concession

June 29, 1940

That the status of the French Concession is overshadowed by a large question mark is obvious. While the local French residents sent a telegram on Sunday to the Bordeaux Government "expressing their desire for a close union between the two Allied Empires for the continuation of the struggle, which they are ready to support with all their personal and material resources," it is not yet certain where their allegiances rest—with the France which apparently has accepted Nazi overlordship, or the French National Committee which is being organized in London and which is expected to embrace most of the overseas interests of the Empire. Should Hitler succeed in defeating Britain and dispersing the French National Committee, he naturally would dispose of French overseas interests, including the Concessions in China and colonial interests in Indo-China and elsewhere. But the situation is not so clear as that, because Japan already has intervened in Indo-China and is bringing pressure here. Recently, when a Japanese military officer was questioned regarding the concentration of unusually large forces in the Nantao area, adjacent to the French Concession, the officer replied, in laughing manner, "to prevent the Nazis from taking it over."

War Damage to Cotton Industry

The Shanghai hostilities early in the Sino-Japanese war had telling effects upon the local cotton industry. In central China, 500,000 spindles and 3,000 weaving looms were destroyed and another 610,000 spindles and 5,300 looms partly damaged of Chinese owned property, while Japanese companies through similar war destruction lost 228,000 spindles and 4,000 looms. The bulk of these losses, including all of the Japanese, was suffered in Shanghai. Half of the local cotton industry was brought to a standstill during the winter of 1937-38. The Japanese expropriated, to compensate themselves, a large number of Chinese mills with a spindlage of approximately 275,000 and thus added to the confusion.

From "King Cotton in Shanghai Follows the Fortunes of War"
by John Ahlers

New Democracy on the Campus

Workers, students and faculty, together with the administration, are working to improve West China Union University through self-criticism and patient consultation.

NOT long ago we held a rather unique meeting. The idea sprang from a conversation I had with the chairman of the university's board of directors. We were concerned that there should be closer understanding between the various groups that make up the university.

Attending the meeting were every member of the board of directors the acting-presidents, all the deans and representatives from the staff, students' and workers' unions. We really got to know each other as we talked about the future of the university.

The students' representatives spoke of the new attitudes which have replaced the old feeling of students being ever against the faculty and both being separated from the board. They also told of their deep concern for the good of the university—some people had not realized that they had such concern. Perhaps it is something new that has grown out of the new relationships.

For instance, not long ago I saw a poor woman with a large basket on her back and a sickle in her hand hacking away at one of the hedges to get firewood. Economic necessity compels the poor to gather every little scrap of burnable material. Some students were arguing with her, trying to stop her from mutilating the hedge. I could not imagine such a scene before liberation. Students seemed to care little about university property then. Now it is theirs.

Workers' Representative

Almost everyone at the meeting spoke. When the Workers' Union representative rose in his turn, it was quite touching. He had difficulty speaking. He laughed in embarrassment. He said that he had never been in a meeting with university administrators and members of the board of directors and he didn't know what to say to such people. But finally he got going and made a good speech about the workers wanting to help the university to be a good university.

This same "work-friend" is the representative on the University Council. At the last meeting of the Council, he made the request that the workers have three representatives instead of one, and that they have a representative on each of the various committees, as the Students' Union and Staff Union have. The council agreed without question.

It is interesting that in all these meetings the workers' representative is always called *hsien sheng* (teacher), a polite term previously reserved for the educated members of the upper classes.

* * *

RECENTLY several boys in one of the men's dormitories got into a fight. It developed into quite an affair, involving about 10 boys, at least two of whom came out with injuries demanding hospital treatment.

In the past the university had an office of discipline where such a matter would have been dealt with. In China, quarrels which come to blows, especially if there is injury, are regarded as very serious and under the old regime such an incident would probably have resulted in the expulsion of at least the student who was thought to be most to blame. Now, however, there is no office in the university to take care of such an affair.

The Students' Union executive committee, therefore, decided to do something. They called an open meeting in the gymnasium and asked both students and faculty to come. The gym was packed—more than 500 students and staff members were there. The meeting lasted from 7:00 p.m. to after 11:00 p.m. The walls were pasted with posters which exhorted everyone to sincerity and frankness, and quoted Mao Tse-tung on speaking out fearlessly and on frank criticism.

The chairman of the Students' Union was chairman of the meeting. She stood at the front of the platform, a little to one side right through the whole evening. She set the spirit of the meeting in a short opening speech. She has a charming smile, and, although terribly serious, she inspired a relaxed objectiveness.

Each boy who had been involved in the fight told his story. Two of them had bandages on their arms and wore them in slings. I don't believe I ever saw an audience more quietly attentive, most sitting on the edge of their seats with arms resting on the back of the seat in front. Not one boy tried in any way to justify his action at any point. Each told just what he had done, and said: "I was too quick-tempered," or "I was quite wrong in hitting," "I should not have spoken hotly as I did," "I hope everyone will help me with his frank criticism—don't be polite in telling me my faults."

This attitude of complete lack of defensiveness and of self-criticism and repentance made me think of the Moscow trials of spies and saboteurs that sounded so odd to Western ears.

Audience Participation

After each of the participants in the fight had spoken, anyone in the audience could speak. Altogether about 30 made contributions to the discussion. Not a few charged this or that boy with not being sufficiently frank. Criticisms such as, he did not explain what he said to provoke the other to strike him, he did not say why he had such a bad attitude, he did not explain what was behind such and such a statement were offered from the floor. Everything was brought out and the boys involved continued their confessions.

At one point quite a furore was caused by one who suggested that there was something behind it all and mentioned "secret agent." He was immediately challenged for his evidence. He had none, he had just "heard it said." Then it was his turn to be condemned, and he apologized. Several then spoke as to how serious such a charge was and how careful everyone must be not even to suggest false charges.

Several of those who spoke from the floor were frankly criticized for being destructive in their criticism rather than constructive. All in all, I felt that it was a fine meeting.

When everyone had said all they wished to say, the chairman did not seem sure of the best way to end the meeting. When all this had been said, then what? So someone suggested that everyone stand and sing one of the new songs, "Unity is Strength," and then the university song and then disperse, which is what they did. A splendid climax.

* * *

University Council

THE University Council, which I mentioned in the foregoing, is also an excellent example of the new type of democracy, both in the manner in which it was organized and in its actual working methods.

After a number of meetings of various kinds, with representatives of administration, staff, students and servants, the organization of the Council was finally worked out.

It is made up of nine "units:" 1) administration: president, business manager, registrar, head librarian, Chinese secretary, Western secretary (this used to be "Vice-Chancellor," but that office is now eliminated) bursar, museum curator; 2) to 5) deans and department heads of each of the four colleges—arts, science, medicine, dentistry; 6) five representatives elected by the Staff Union; 7) five representatives elected by the Student Union; 8) three representatives of the Workers' Union; 9) one representative of the associated organizations such as hospital, dental clinic, nursery school, various research institutes, university dairy, etc.

But the most interesting aspect of the Council is its procedure for handling business and discussion. Problems and other matters come to the Council from its various committees, such as studies, personnel, welfare, finance, business, library, museum, etc. Then these questions or resolutions are discussed. A vote is rarely

taken. The issue is thoroughly discussed. If no unit (of the nine mentioned above) is opposed then it becomes a resolution of the Council.

However, if one unit is opposed to it as it stands, then discussion must continue. If two units oppose, it must be held over for further study. On paper that may sound as if a small minority has a terrific veto power. In fact, the board of directors of the university decided that this was the case and sent representatives direct to the government's educational bureau with their proposals for change and the government, not wanting to overrule a board of a private institution, agreed.

As a result of this action the Council felt that the board had acted in a high-handed and non-democratic manner. Not just because the board wanted to change a procedure which the Council had worked out, but for going over its head to the government instead of coming and talking it over. Since "consultation" is the spirit of the times, it was felt that the board demonstrated a lack of understanding of the new ways.

Consultative Procedure

This new procedure is certainly interesting, and it works. It works not only in getting business done but in fomenting and maintaining a splendid sense of cooperation and unity. The manner in which a recent question was brought up is an example of the Council's workings.

The question of the re-organization of the university was being discussed. It obviously required a small committee to study the whole question and bring in recommendations. Such committees had been appointed in past years but their recommendations had never been acted upon. But now the times are very different. We just *have* to reduce the size and scope of the university and strengthen what we keep.

So it was felt that this committee was important. It was agreed that one person from each of the four colleges, one from each of the three unions—staff, students, servants (work-friends)—and the president should be named to it. Who would they be?

The request for small group discussion was made and immediately the small groups put their heads together here and there, while odd people went from this group to that, passing on ideas. After a few minutes, when the consultations were over, the president asked for the nominations and for *each one* there was only one nomination. Everyone felt that the right man had been chosen. If there had been those who would have liked a different person, they had already found out in the small group discussions that he was not favored by the majority, so they joined in voting for the nominee. Each candidate was thus elected unanimously.

It was a miniature of the way the general elections are carried on in the USSR, as I understand it. It seems to us to be a more democratic procedure than our usual way of indiscriminate nominations.

— *EARL WILLMOTT*

Letter From the Front

H. C. H.

EARLY one morning representatives from the people and various organizations gathered in the local Chinese Christian church to bid farewell to 28 sailors who were going to assist in transporting the PLA. When I arrived it was already crammed with people and all I could at first make out was a sea of heads, buzzing and rising and turning toward the door whenever there was a shuffling of feet outside.

At 10:00 a.m. the sailors filed in, each with a bundled quilt in his hand, some with bags containing biscuits, candies, cigarettes, etc. Each wore an enormous red paper flower, so big that it almost obscured a red stripe of silk on which were written in black, "Support the Front Hero!"

Someone started to clap and the entire crowd followed suit, keeping it up until all the sailors had walked down the aisle and mounted the rostrum where they were seated in rows of high backed chairs. After a few minutes of silence during which the crowd closely scrutinized these heroes, the presentations began. Flowers were carried up by representatives of local women's groups, students and other circles, cigarettes were distributed.

These heroes were just the type of laborers we meet in everyday life. They wore short jackets and breeches and each one had a pair of rubber shoes tied to his feet, perhaps for the first time in his life. Only one had the marks of war cutting obliquely across his face, from the left forehead passing the outer corner of the eye to the middle of the mouth, which twisted everytime he spoke.

He was fully possessed with revolutionary zeal and frequently stood up to shout. Often, in the midst of a speech, he would suddenly raise his hand and shout, "I do not fear," or "I dare" or "I am bound to transport the PLA safely." These interruptions were often followed by loud cheering and clapping.

Once he stood up to make a speech, which was laconic and forceful. He said, "I come of my own volition. No one asked me. I have experience in former operations and I am sure to carry them across." He waved his powerful arms energetically and the applause almost drowned out his last words. The whole audience was carried away by his revolutionary spirit, for his words entered imperceptibly into the veins of many of them.

One by one, the heroes stood up to speak. One of them told the audience a very queer experience. He said, "I hate the KMT, so I have come to assist the PLA in overthrowing them. Because," he said, "I have two brothers and four of them were conscripted by the KMT." He stopped, facing the confused crowd. "And why? Because I paid the money for two of them but the next year, when I was unable to pay the money, they were taken away."

SUPPORTING the front has become the main theme of this year's government policy. This town has become a part of the front and thus has many duties to perform. Large numbers of cadres have been sent here to work in the various organs such as the trading and transportation corporations. Day and night the highway is busy with constant streams of trucks, almost always in long convoys numbering at least 10, passing in each direction.

These, of course, are all surface developments which can easily be noted. However, there are many other developments of no less importance. In the first place there is the Austerity and Production Movement. As early as last January instructions were received ordering that each staff member and each cadre must save one ounce of rice a day for two months as a contribution to the war of liberation. The response was very good, with some government organizations saving as much as two ounces of rice per man every day.

Cadres Do Farm Work

But this was not all. In April the party committee convened a meeting in which they reached a decision that eight people must till at least one *mow* of wasteland within one week. The details of the resolution were published in the following day's paper:

1) Agriculture is the main task while handicraft should be a sideline.

2) Each cadre must till one-tenth of a *mow* of wasteland which, by the end of June, must be able to produce at least 50 *catties* of vegetables.

3) Livestock raising is to be chiefly confined to the raising of pigs.

In addition to these measures for production three proposals for austerity were agreed upon.

1) Reduction of one telephone instrument per unit in order to reduce office expenses.

2) One envelope should be used four times, that is, front, back, turned inside out and used again. The envelope should be self-made from scrap paper.

3) Adoption of uniform ink made by the cadres themselves.

In response to the call, the cadres and staff members of the various organizations started working like one man, tilling wasteland of the neighborhood and searching for more. In organizations such as the postoffice, banks and hospitals, which had little wasteland, other means were sought in an effort to answer the challenge.

For example, the postoffice instructed its staff members in its branch offices to sleep in the office in order to save rent money. In moving, instead of hiring coolies to transport their belongings, the staff members carried them themselves. In addition they searched their offices from top to bottom looking for old stocks and waste materials which

might be reclaimed. They even tore down an old wall which needed to be removed to allow trucks to enter the head office in order to avoid paying for the labor.

Workers in the Postal Bank made great efforts to increase the organization's income by drawing in more business. They increased efficiency by voluntarily lengthening their working hours. At the hospitals the workers launched a campaign against waste and extravagance in using drugs and dressings. The movement is universal.

* * *

Health Campaign

ANOTHER movement that was conducted with no less zeal was the sanitary campaign. When the Chinese New Year season was approaching, propaganda corps were sent out by the four local hospitals. The purpose was to draw public attention to the dangers of various diseases such as smallpox, cholera and typhoid which for many years have been taking a heavy toll of lives in this city.

The propaganda corps were armed with pictures to illustrate the terror of these diseases, but the response was not so good. The audiences were, for the most part, children who came to stare at the pictures rather than to listen to the lectures. The grown-ups generally stood at a respectable distance, fearing that they might appear childish in identifying themselves with the little ones.

One foreign missionary from a local hospital participated in the movement. With a handbell, which he rang occasionally to attract attention, he lectured on tuberculosis. However, his attempt was no more successful than the rest of the campaign. His chief audience was children who stared at him curiously and smiled at his foreign accent as he talked in local dialect.

The failure of the campaign was taken as a lesson by the hospitals and the other organizations which were concerned with the affair. In view of the expected arrival of large numbers of troops, it was considered absolutely necessary that the importance of sanitation and disease prevention be brought home to the local population.

Thus, in the middle of March a large scale educational movement was again launched throughout the city and its immediate suburbs. People's meetings were convened in different districts in which medical men lectured on how to prevent disease, the nature of different diseases and the overall importance of cleanliness to good health. The preparatory work was successfully completed within three days and the next seven days saw medical personnel conducting a house to house injection campaign. Within two weeks more than 40,000 people had received injections. It is now planned to repeat the campaign with the approach of the danger season for each disease.

* * *

ON February 20 news reached here that the Treaty of Friendship, Alliance and Mutual Assistance between China and the Soviet Union had been signed and a celebration meeting was held that very night, culminating in a mass parade with torches, paper lanterns and flags which wound its way throughout the city.

Within the next few days schools and sanitary organizations were mobilized to seize this opportunity for an educational campaign in the form of a parade. In the morning and afternoon students danced and sang the *yangko* along the street and in the evening there was a parade by the four hospitals. In view of the failure of the first campaign by the hospitals, they banded together for this occasion in order to make a bigger display and guarantee success. The result was good. Their *yangko* dances drew large crowds to listen to their lectures, which were on several topics, including the Sino-Soviet Friendship Treaty, the Victory Bonds, etc.

* * *

ALL of these activities are, one way or another, directly or indirectly, connected with the objective of supporting the front so as to ensure the maintenance of the army, to obtain the cooperation of the people, to safeguard the health of the population and the army, and so on.

However, the most difficult problem has been the securing of sufficient food for the troops. Naturally, since this is a front line area it must supply as much food as possible for the troops so as to reduce the burden upon transport.

In the past the KMT obtained its food by sending the soldiers out to collect supplies by force. But the people's government cannot employ this method. In fact, the government is strongly and resolutely opposed to the use of force to collect grain. The initial result of this policy was that everyone was poor, even the rich. Those most able to contribute concealed their wealth and whined, "We are poor, we have not enough to eat."

What was the government to do? The grain simply was not coming in sufficient quantities, while soldiers were already beginning to arrive and had to be fed. Therefore, as early as the beginning of the spring season large numbers of cadres, drawn from every organization which could possibly spare them, were sent into the villages to convene people's meetings, to listen to their complaints and to try to determine the real ability of the people to contribute. Sometimes, the cadres were forced to remain in the countryside for months until gradually, by dint of exhaustive explanation about the necessity of supporting the army for an early end to the war of liberation, the hold-outs started to deliver grain.

* * *

Everyone Mobilized

AS the grain commenced to come in and as the soldiers began to arrive, an intensive and overall campaign of supporting the front was launched through the joint efforts of the various local political organizations. Workmen throughout the city were mobilized to an extent unprecedented in history. Transport coolies, under the call of the government, worked continually for 24 hours at a stretch to transport the rice for the army. The bicycle cart drivers, a total of around 100, transported as much as 50,000 *catties* of rice to the front within two days, riding along the highway like mad men day and night.

The tailor shops, a total of about 30, completed 1,500 mosquito nets by working for 48 hours at a stretch.

The girls, not willing to be left behind in the drive, made more than 2,000 flowers of varicolored silk to be pinned to the soldiers' uniforms. When all was ready there were literally tons of gifts of one kind or another to be taken to the front, so a visitation corps was organized. It was made up of 57 representatives from the schools, hospitals, banks, government concerns and business institutions.

Early one morning the corps started out, proceeding to a village where the army headquarters was situated. For two successive evenings after their arrival they opened meetings and put on entertainment shows for the cadres and soldiers. The presentation ceremonies, during which more than 200 flags, some of them as high as a house, 2,000 flowers, 50,000 letters, etc. were handed out, were most impressive.

The representatives who made the trip stated that it was the feeling of mutual understanding between the army and the people which impressed them most. The soldiers told of their firm resolve to complete the liberation of the country, while the representatives of the people pledged themselves to intensify the campaign for support of the front.

Drought prevention during sowing season — Tsou Ya

The Constitutions of India and China

A comparison of the two indicates that the Chinese Common Program, with its concern over social and economic rights, will hold more appeal for the rest of Asia.

THE text is now available in London of the "Common Program of the Chinese People's Political Consultative Conference." This document was adopted unanimously by the delegates of the Communist and other parties, the Army, and all kinds of local organizations who met at the end of September in Peking. The adoption of a program which defines the intentions of the new Republic would have, in any case, considerable importance. But further study of the document shows that it amounts virtually to the promulgation of a constitution for China—or at least the framework of a constitution, for the moment has not come to decide on such details as the number of members of a future People's Congress, the powers of its president, or its rules of procedure.

Perhaps the best way to grasp the significance of this document is to compare it with the new Constitution of India, which has now been finally adopted at New Delhi and enters into full force in January, 1950. The comparison is inevitable, since the emergence of independent India and of Communist China are obviously the foremost events of our decade in Asia, and some would say in the world. But our comparison is apt and instructive in another sense. The Indian Constitution, in phrase and spirit, is the latest of that long line of documents which stem from the Philadelphia of 1776, which emphasize individual liberty at the expense of social welfare and neat, stable government at the expense of dynamic change. The Chinese Common Program, though it has specifically Chinese features, is the most important derivative of the Constitution of the USSR. So these sober articles are weapons in the dramatic conflict for the soul of Asia. On one side stand the ideas of Rousseau and Washington which Pandit Nehru learned at Harrow; on the other the ideas of Marx and Lenin which Mao Tse-tung meditated and adapted in the years of preparation at Yenan.

* * *

THE Indian Constitution opens with traditional Jeffersonian grandiloquence, a little tarnished by the years. The preamble reads:

> **"We, the People of India, having solemnly resolved to constitute India into a sovereign democratic Republic, and to secure to all its citizens Justice, social, economic, and political; Liberty of thought, expression, belief, faith, and worship; Equality of status and of opportunity; and to promote among them all Fraternity, assuring the dignity of the individual and the unity of the nation; in our Constituent Assembly do hereby adopt, enact, and give to ourselves this Constitution."**

The Common Program begins:

> **"The great victories of the Chinese people's War of Liberation and the People's Revolution have ended the era of the rule of imperialism, feudalism, and bureaucratic capitalism in China. From the status of the oppressed, the Chinese people has become the master of a new society and a new State and has replaced the feudal, compradore, fascist, dictatorial Kuomintang reactionary rule with the Republic of the People's Democratic Dictatorship."**

After defining the place of the Consultative Conference, the preamble remarks simply:

> **"The Conference has also worked out the following Common Program, which should be observed by . . . all levels of the People's Government and people throughout the country."**

The difference is more than one of style. The Indian people, apparently struck by a bright idea, "resolve" and "give to themselves" a Constitution, just as the Americans decided to "secure a more perfect Union." The Chinese people put it differently: they fight, they win a war and a revolution, and they start to run things.

The contrast is seen clearly in the transitional arrangements, for, while the Common Program in Article 14, provides for military government in newly liberated areas, the Indian Constitution allows for the continuance of the old ramshackle dictatorships in Chief Commissioner's Provinces, backward and tribal areas, and the few Princely States not yet absorbed, until something new can be thought up. The Common Program says (Art. 17): "All laws and decrees and judicial systems of the Kuomintang reactionary government are abolished." Article 307 of the Indian Constitution lays down that existing laws are to continue in force except where clearly inconsistent with a provision of the Constitution.

The tasks of the People's Republic of China are these (Art. 3):

> **". . . confiscate bureaucratic capital for ownership by the People's State; systematically transform the feudal and semi-feudal land ownership system into the system of peasant land ownership; . . . develop the people's New Democratic economy and steadily transform the country from an agricultural into an industrial country."**

The declaration of Purposes embodied in the Indian Constitution is much longer than this, but it commits the Republic only vaguely to the improvement of the people's welfare and says nothing about transforming the country or any aspect of it. Regarding ownership and capital, the most definite statement occurs in Art. 20, which provides that no property, whether of an individual or a company, shall be "acquired for public purposes" save for ample compensation.

The Common Program lays down no detailed rules for election, but makes the unequivocal general statement in Art. 4: "The right of the people of China to elect and be elected is prescribed by law." In Art. 13 we read of "the convocation of the All China People's Congress to be elected through universal suffrage." There is no indication that this Congress will be bicameral or of any limits to its powers.

India has also introduced universal suffrage, sweeping away the old "qualifications" as well as the separate electorates. However, communal electorates are to cling to life for another 10 years under Art. 292, and democracy is hedged about by the powers of Upper Houses, both at the center and in the provinces, which will be partly appointed and partly indirectly elected; by the emergency powers of the president; by the provision that a provincial governor may refuse assent to any bill passed by his legislature and that the responsible Cabinet holds office during his pleasure; and by the interpretative powers of the High Court, modelled on the American Supreme Court.

* * *

WHERE democracy is concerned, China scores, and can chalk up two other advances. One is the right of recall, the most cherished innovation of the Marxists, dating from the Paris Commune; the other is the stringent prohibition of graft. Here are the articles:

> **"Art. 18. All State organs must enforce a revolutionary working style of honesty, simplicity, and service to the people, must severely punish graft, forbid extravagance and oppose the bureaucratic style of work characterized by estrangement from the masses of the people.**
>
> **"Art. 19. Individuals or people's organizations have the right to indict before the people's supervisory or judicial organs any state organ or any public functionary violating the law or derelict in performing their duties."**

The only analogy in India is the provision for the impeachment of the president.

Article 5 of the Common Program reads:

> **"The people of China shall have freedom of thought, speech, publication, assembly, association, correspondence, person, domicile, movement, religious belief, and freedom to hold processions and demonstrations."**

The only absolute guarantee of freedom in the Indian Constitution is Article 19, reading:

> **"All persons are equally entitled to freedom of conscience and the right freely to profess, practice, and propagate their religion."**

All other freedoms are countermanded by qualifications. Freedom of speech and expression are limited by safeguards against "sedition or any other matter which offends against decency or undermines the authority of foundation of the State." People may assemble peaceably and without arms, but may be prevented or dispersed "in the interests of public order." They may form "associations or unions" when these are "in the interests of the general public." (Arts. 13-14).

In practice, newspapers have been banned, meetings forbidden or broken up, trade unions illegalized, and people detained without trial all over India. The Jeffersonian ideal, the constitution which enshrines individual liberty, has declined sadly. There are no reservations about the Bill of Rights, added to the American Constitution in 1790.

* * *

A TREMENDOUS revolution in mores is foreshadowed by Article 6 of the Common Program:

"The People's Republic of China abolishes the feudal system which holds women in bondage. Women shall enjoy equal rights with men in political, economic, cultural, educational, and social life. Freedom of marriage for men and women shall be enforced."

The Indian Constitution says nothing about freedom of marriage, a demand as urgent in the one country as in the other, but it ensures women equality in employment. Its boldest step, solving a problem which has no Chinese parallel, is the abolition of Untouchability.

A rather pointed provision in the Common Program is Art. 60:

"The People's Republic of China shall accord the right of asylum to foreign nationals . . . oppressed by their own governments for supporting the people's interests."

Both the sub-continents are to be federal states.* The Common Program (Art. 16) says:

"The jurisdiction of the Central People's Government and the local People's Governments shall be defined in accordance with the nature of the various kinds of affairs."

The Indian Constitution has already made this demarcation in its Union List, Concurrent List, and State List. The Union List is very extensive and, contrary to earlier intention, residuary powers are reserved to the central government.

But the soul of legal federalism is the existence of varied nationalities. The Common Program recognizes their existence flatly, saying in Art. 9: "All nationalities in the People's Republic of China have equal rights and duties." It returns to this theme in detail in Arts. 50-53; extracts read:

"All nationalities within the boundary of China are equal. Unity and mutual help shall be effected among them. . . . Great Power nationalism and chauvinism shall be opposed and acts of discrimination, oppression, and splitting the unity of the various nationalities shall be prohibited. . . . All national minorities have the freedom of developing their dialects and languages, preserving or reforming their customs, habits, and religious beliefs. The People's Government shall help the masses of the people of all national minorities to develop their political, economic, cultural and educational construction work."

The Indian Constitution says nothing about helping anybody, but it does say (Art. 23):

"Any section of the citizens . . . having a distinct language, script, and culture of their own shall have the right to conserve (not reform or develop—M.J.) the same. All minorities, whether based on religion, community, or language shall have the right to establish or administer educational institutions of their choice."

But there is no Indian parallel to China's Article 51:

"Regional autonomy shall be carried out in areas where national minorities are congregated, and autonomous organs of the various nationalities shall be set up."

India recognizes religious or cultural minorities, but avoids talk of different nationalities. Even the old Congress demand of redivision of provinces along linguistic lines was shelved by the constitution-makers as not urgent.

Turning to economic affairs, Art. 28 of the Common Program runs:

"All enterprises vital to the economic life of the country and to the people's livelihood shall come under the unified operation of the State. All State-owned resources and enterprises are the common property of all the people. They are the main material basis of the People's Republic for the development of production and the creation of a prosperous economy."

This is in line with Lenin's teaching about the predominance of the "socialist Sector." But private enterprise, both of the "national bourgeoisie" and of the foreigner, is extended a conciliatory hand in the following provisions:

"The basic principle is . . . taking into account both private and public interests, benefits to both labor and capital, mutual aid between the city and the countryside and the interflow of goods at home and between China and countries abroad (Art. 26). The People's Government shall encourage the active operation of all private economic enterprises beneficial to the national welfare and the people's livelihood and long-term development. (Art. 30.) All legitimate public and private trading shall be protected. Control of foreign trade shall be enforced. . . . Domestic free trade shall be adopted . . . but commercial transactions disturbing the market are strictly prohibited (Art. 37). The People's Government shall protect law-abiding foreign nationals in China (Art. 59)."

The general industrial plan is stated in Art. 35:

"To lay the foundations for the industrialization of the country, work shall be centered on the planned systematic rehabilitation and development of heavy industry. . . . At the same time the production of the textile industry and other industries beneficial to the national welfare and the people's livelihood shall be restored and increased."

There is nothing about all this in the Indian Constitution. There is, in particular, no assurance of national ownership of basic resources —though there is such a paper assurance in Pakistan. The only provision on conditions of labor is Art. 16, prohibiting employment in mines and factories under the age of 14. This is well enough, but no substitute for the comprehensive Article 32 of the Common Program, which ensures collective bargaining and then continues:

"An 8 to 10 hour day shall be general. . . . The People's Government shall fix the minimum wage according to the conditions in various places and trades. Labor insurance shall be gradually instituted. The special interests of juvenile and women workers shall be protected. Inspection of industries and mines shall be carried out to improve safety devices and the sanitary facilities."

* * *

ON land reform, the Common Program has this to say:

"In all areas where the agrarian reform has been carried out, the rights of ownership to the land obtained by peasants shall be protected. In areas where the agrarian reform has not yet been carried out, the peasant masses must be set in action to organize peasant organizations and to realize the slogan 'Land to the tiller' through such measures as the elimination of local bandits and despots, reduction of rents and interest, and the distribution of land (Art. 27). In all areas where the agrarian reform has been thoroughly carried out, the People's Government . . . shall guide the peasants step by step to organize various forms of mutual aid, labor and production cooperation according to the principle of free choice and mutual benefits (Art. 34)."

Strange though it may seem, the redistribution of the land and abolition of landlordism, old planks in the Congress program and matters of hot debate in various provinces, find no echo in the Indian Constitution.

Interesting articles in the Common Program are 43 and 45:

"Efforts shall be made to develop the natural sciences. . . . Scientific discoveries and inventions shall be encouraged and rewarded and scientific knowledge shall be popularized. Literature and the arts shall be promoted to serve the people, to enlighten the political consciousness of the people, and to encourage the labor enthusiasm of the people. Outstanding works of literature and art shall be encouraged and rewarded. The people's drama and cinema shall be developed."

The nearest parallel to this is the nomination to the Upper House of the Indian Parliament of 15 members famed for their "special knowledge" of the arts, science, education, or social services.

Finally, in the sphere of education, a desperately urgent matter for both India and China: the Indian Constitution refers to the matter only generally in its Declaration of Purposes, while the Common Program says (Art. 46):

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* As regards China, Mr. Jones is not entirely correct on this point. Both the Common Program and the Organic Law of the Chinese People's Republic refer to China's system of government as one of democratic centralism rather than federalism. Article 2 of the Organic Law says: "The Government of the People's Republic of China is a government of the People's Congress system based on the principle of democratic centralism." Article 15 of the Common Program outlines the "main principles" of democratic centralism as follows: "The People's Council is responsible and acceptable to the People's Congress. Within the People's Congress and the People's Government Council, the minority shall abide by the decisions of the majority. . . The People's Government of the lower level shall obey the People's Government of the higher leval and all local People's Governments throughout the country shall obey the Central People's Government."—*Editor.*

"The People's Government shall reform the old educational system, subject matter and teaching methods systematically according to plan."

This foreshadows a complete and exciting break with the mandarin tradition, memorizing of texts, and the old lumber of out-of-date Chinese scholarship. Art. 47 goes on:

"Universal education shall be carried out, middle and higher education shall be strengthened, technical education shall be stressed, the education of workers during their spare time and education of cadres who are at their posts shall be strengthened."

Of the three succeeding proposals, it is hard to say which will be most revolutionary and most astonishing to the Old China Hands. One is that "political education shall be carried to young intellectuals and old-style intellectuals." The next is the promotion of sport. The third is this:

"Public health and medical work shall be extended and attention paid to safeguarding the health of mothers, infants, and children."

In general, the "1776" type of constitution does not stand up too well to the demands which the peoples are making in 1949. This kind of constitution stressed individual liberty and democracy, perhaps in a one-sided way, but at all events, in its heyday, thoroughly. Nowadays, liberty and democracy are limited by so many restrictions born of fear that the new kind of constitution, which did not claim to specialize in this department, must be adjudged to provide far more liberty and democracy. The spirit of Vallabhbhai Patel is not that of Thomas Jefferson, who held periodic revolutions to be as natural in the political world as storms in the physical.

As for social affairs—what the Chinese call the people's livelihood—it has always been the contention of the old-style constitution-makers that these things do not belong in a "basic law." Public health, education, redistribution of land—these, they say, are matters for subsequent legislation, not for the constitution. There was once much force in this contention. But today the gulf between politics and economics has been bridged; people care more than they once did for their livelihood; and one may fairly say that if social demands are not conceded at the outset nothing is ever achieved later. Certainly, the achievements of the Indian Government in the sphere of health, education, or land reform have not so far been very remarkable.

The Indian Constitution may receive the study of specialists in Peking as in London; but it is doubtful whether, for all its high-sounding preamble, it will exercise a lively attraction on any number of people outside India. It is far more likely that the Common Program of the Chinese People's Republic will focus and stimulate the aspirations of the peoples of Asia.

— MERVYN JONES

(Reprinted from the Eastern World)

Sinkiang's Mineral Reserves Reported Large

The agreements signed last March establishing two corporations under the joint partnership of China and the USSR for the exploitation of Sinkiang's petroleum and rare and non-ferrous metals hold the greatest importance for China's industrial progress. Recent articles in Mukden papers indicate that Sinkiang is rich in petroleum and and many metals.

* * *

UNDER the terms of the agreements the petroleum company will undertake prospecting, surveying, working and refining petroleum and gas, while the non-ferrous metal corporation will prospect, survey and work such metals. The products of the corporations will be divided equally between China and the USSR and running expenses and profits will also be shared equally. Leadership of the corporations is to be assumed by representatives of the two contracting parties in rotation for periods of three years and the corporations are to be staffed by an equal number of citizens from each of the two countries. The agreements are valid for 30 years.

Before the conclusion of the Sino-Soviet agreements, the mineral exploitation of Sinkiang was carried out sporadically and on a very small scale, with inefficient local mining methods predominating. The one exception was petroleum. Under a previous agreement concluded in 1937, the USSR carried out prospecting and drilling. Fields were discovered in several localities, and a refinery was built at the Wusu field, which, completed in 1940, had a daily capacity of a thousand barrels. However, KMT obstructions forced this refinery to close in 1943. The largest field so far discovered is at Anchihai, with a length of 40 miles. No estimate of reserves is available at present, but on the basis of known fields and producing wells, Sinkiang has China's most extensive and abundant reserves, far outstripping those of Shensi, Kansu and Szechuen.

Of the rare metals, China as a whole accounted in the past for nearly 80 percent of the world production of antimony and tungsten. In Sinkiang, some deposits of molybdenum, tungsten and tin have been found, and prospecting for these and other rare and important metals is progressing.

Sinkiang's coal deposits, second in importance only to those of Shensi and Shansi, are estimated at 32,000,000,000 tons, 13 percent of China's total. The major producing areas lie north of the Tienshan Mountains, in the Tahcheng and Tihua-Hami areas. Considerable coal mining is done on a local scale, but extensive development of coal resources must await railway construction. As China has other coal producing areas, the present agreements with the USSR do not entail assistance with coal mining in Sinkiang.

The most important non-ferrous metal resource of the province is copper, which has been locally mined and smelted for hundreds of years. Since native methods are inefficient, some mines originally worked were forced to close, notably those near Tihua. The most abundant deposits of copper ore so far discovered are at Paicheng, Tihua, Kashgar, and west of Ili. Many other local deposits are known. The deposit at Kashgar is 600 square miles in area and produces rich ore containing 20 percent copper.

* * *

GOLD occurs widely in Sinkiang, with the main producing areas stretching along the Altai Mountains on the Sinkiang-Outer Mongolia frontier. Nuggets weighing as much as 44 ounces have been found here. Although only native methods of digging the ore and refining it are used at present, the yearly gold output of the province is stated to total 100,000 ounces.

Bauxite, from which aluminum is extracted, has been found in Sinkiang, at Hoshih and Tokosun. Many other important minerals have been discovered, but since in some cases mining operations have not yet begun, it is impossible to say if these will prove to be worthwhile.

In addition to the metals already mentioned, tin, lead, zinc and mercury have been found. Lead mining has been carried on at Wushih, Yenki, Wusu, Paicheng and Kiashih, but at present only the deposits at the last two places are being worked. Ouput is very low because of the backward working methods. Magnesium and tin deposits have also been discovered.

* * *

THE liberation of Sinkiang has removed the political and social barriers to the efficient exploitation of the mineral wealth of the province. Many of Sinkiang's metals will be urgently needed for China's reconstruction, and under the terms of the Sino-Soviet cooperative agreements—which call for Soviet experts and mining machinery—it is expected that the province will soon begin to supply these basic industrial materials in abundance. With greatly increased mining operations, conducted according to modern methods, economic prosperity will come to Sinkiang in return, and as prospecting continues, it is expected that more important mineral deposits will be added to the country's known reserves.

CHINA AFFAIRS

TAIWAN

An Old Story

ALL the ingredients which the Kuomintang served to make up the story on the mainland are now being used on Taiwan as the island waits for liberation. Executions, repressive acts, corruption and American aid continue unabated.

Even the military were not entirely safe as KMT, in its final days, nervously looked to the US for salvation. One time KMT big-shot and governor of Chekiang province Chen Yi has been executed for "treason" on Taiwan. Chen Yi, whose name is well remembered in Taiwan, was governor of the island in 1947 when the KMT unloosed its bloodbath against the Taiwanese for daring to protest against official behavior in Taiwan following the Japanese surrender.

Two KMT lieutenant-generals were sentenced by a Taipeh court martial to 12 years' imprisonment on charges of dereliction of duty. One of the convicted was the former commander of the KMT Sixth Army Corps and the other was the former commander of the 73rd Army. The charges they were convicted on arose from their unauthorized withdrawal from Pingtan island near Foochow in September, 1949. The two generals had abandoned the island contrary to orders to hold out at all costs as reinforcements were on the way.

Apparently all was not quiet on Taiwan. Chiang has taken a new decree, issued in Taipeh, to set up a widespread system of mutual guarantees under which whole groups are liable to punishment for any "traitorous act" in their midst. The new system is to be enforced not only in the armed services, but in schools, factories and other organizations, according to reports from Taiwan.

At the same time, it was reported that three KMT warships on the way from Hongkong to Taiwan refused to proceed to Taiwan. Despite the KMT request that they go to Taiwan the warships were reported going to Japan.

KMT Diamonds

A MEETING of the KMT Control Yuan in Taipeh was reported to have admitted an appalling case of corruption involving high officials of the Central Trust of China. It was charged that US$5,000,000 worth of treasure disappeared during its intended transfer from Shanghai to Taiwan just before the liberation of Shanghai in May, 1949.

The "loot" consisted of diamonds, pearls and other precious jewels which had been seized by the KMT from officials of the Japanese puppet regime in China during the war. According to reports, the treasure was put aboard a Kuomintang LST which was to take it to Taiwan. However, the Control Yuan charged, neither the LST nor the precious articles ever reached their destination.

Officials in charge of the transfer, the Yuan claimed, must have been guilty either of negligence or theft. It demanded punishment of those responsible, but did not disclose where they were at this time.

US Aid and Defense

WHILE the KMT went through its old routine on Taiwan, American aid was being extended. ECA has announced plans for a 50 percent increase for the coming fiscal year. The ECA head in Taipeh stated that the expected appropriations would enable the agencies involved to expand the aid programs from the present sum of $2,020,000 each month to $3,030,000.

Meanwhile, by late June, stories from Washington hinted at the possibility of including Taiwan in the American defense system in the Far East. The State Department, which one month ago was said to be hostile to the idea of America defending Taiwan, was said to have partially yielded to the arguments put forward by General MacArthur.

At the same time it was also reported that "a compromise is envisaged" whereby the island would be placed under trusteeship regime of the United Nations. Washington apparently felt that whatever "solution" is adopted it "would be difficult to leave Taiwan under the authority of Chiang Kai-shek."

This reprint from the magazine "Cartoon" reads, "Bandit Chiang brags: He will not leave Taiwan under any circumstances! But he already has sent Hollington Tong to buy a 62-room house 60 li west of Tokyo to prepare for any eventuality." The little man climbing up the ladder holds the drawing of Chiang's "new house in Tokyo."

NATIONAL

Grain Reshuffled

IN the process of readjusting the nation's food supply a total of 1,700,000 tons of grain were moved during the past five months. This was over 81 percent of the plan laid out for this year, with the major share of the grain coming from the Northeast.

Moving largely by rail, at preferential freight rates with priority over non-essential commodities, the grain necessitated expenses in transport which were as large or larger than its original cost, according to *Hsinhua*. However, the reshuffle of this grain has contributed to the nation's economic stability as well as providing employment for surplus labor in the vast rural areas of China, especially in the remote or inundated areas which are not reached by existing modern communications.

The overall effect of this gigantic operation was to check the rise in food prices throughout the nation during the March-May period. In the past this was a time of steep increases in food prices because of the falling off of supply.

Another significant feature of the grain reshuffle has been the end to reliance in the coastal areas on imported grain. Under the Chiang regime, China's imported grain reached a sum of as much as 12,000,000 tons annually while surplus rice producing areas such as Szechuen found no outlet for their produce and many peasants turned to planting poppies for opium in place of grain for food. The virtual end of rice imports now makes it possible for surplus areas to dispose of their grain under the government's reshuffling plan.

Chengtu-Chungking Railway

THOUSANDS of PLA men have started work on the nearly 350 mile Chengtu-Chungking railway. The road, which links Chengtu, capital of Szechuen, with the southwest's chief commercial city, Chungking, will be completed before the end of 1951. The first 90-mile section of the line between Chungking and Chuyangki is expected to be open for traffic before the end of this year.

For more than 40 years the plan to link Chungking and Chengtu has languished in the blueprint stage. In 1906, the Manchus were talking about using foreign loans to build the railroad. In 1936, French financiers were contracted by the Kuomintang and survey work was carried on. The completion of the Chungking-Chengtu link will enable many products of the rich Szechuen basin, such as rice, salt, sugar and tung oil, to flow rapidly into Chungking and thence be transported via water to areas in central and eastern China.

PPCC Session Closes

THE last day of the second meeting of the National Committee of the Chinese People's Political Consultative Conference, on June 23, closed following the unanimous adoption of the revised draft agrarian law.

The vote followed discussion of the law for more than 10 days, and numerous revisions and amendments were made to the first draft. The meeting also accepted a proposal made to it by the Committee of the Chinese Congress of the Defenders of World Peace to develop the peace signature movement more powerfully throughout the nation, and decided to set aside the first week in July as a peace signature campaign week for the nations.

The National Committee meeting passed the reports delivered on agrarian reform; the political situation; questions on the economic situation, the readjustment of taxation; on cultural and educational work; on the military situation; on the work of the people's court and on the work of the Standing Committee of the PPCC.

National Emblem

A NEW national emblem for the People's Republic of China has been adopted. The last day of the National Committee meeting to the PPCC saw the adoption of the national emblem which was left by the first plenary session of the PPCC to be worked out by a sub-committee. The emblem is in red and gold and circular in shape.

Peking's Tien An Men (Gate of Heavenly Peace) is superimposed on the national flag with a single large star and four small stars at the top. It was at this famous gate that the May 4th Movement began in 1919 and under it, the founding of the new China was declared on October 1, last year, according to *Hsinhua*.

The new national emblem symbolizes the revolutionary struggle of the Chinese people. At the base, a cogged wheel represents the workers, and rice and wheat extend in a circle at the top, symbolizing the peasants. The use of such diverse crops as rice and wheat denotes the great size and bountifulness of China and the linking of the grain with the wheel by a red band signifies the unity of the workers and the peasants, a *Hsinhua* story from Peking related.

Bandits Mopped Up

One hundred and twenty-two thousand bandits were mopped up in southwest China during May, according to a communique of the Southwest China Military Headquarters.

During the mopping up operations in north and east Szechuen province, from 60 to 80 percent of the bandits surrendered without resistance and bandit groups in Kweichow and Yunnan were completely routed. Joint defense corps have been formed among the peasants in many counties of Szechuen and these were reported to have maintained revolutionary order.

Weapons captured included 560 light and heavy machineguns, nearly 1,000 tommy guns and carbines and over 52,500 rifles and 8,400 pistols.

Chou En-lai Answers Truman

CLOSE on the heels of the Tokyo meeting between General MacArthur, Defense Secretary Johnson, Republican advisor to the State Department Dulles, and General Bradley, and the outbreak of civil war in Korea, President Truman called for American intervention in Korea as well as in Taiwan.

According to a USIS dispatch, Truman on June 27 ordered air and naval forces under the command of MacArthur to help Syngman Rhee by participating in the Korean war directly. He also ordered the American 7th Fleet to assist Chiang Kai-shek by obstructing "any attack on Taiwan." Truman, after claiming that Communism is no longer limited to subversive means for conquering independent nations but is also likely to launch military attacks and wars, issued orders for strengthening American forces in the Philippines and increasing aid to the Philippine government. Truman also gave similar instructions for speeding up military assistance to the French in Indo-China and for dispatching a military mission to establish close cooperation with them.

Although the Phyongyang radio reports that hostilities in Korea had been started by southern forces on June 25, Truman blamed the north and said, as translated from Chinese press reports: "I know that all members of the UN will carefully consider the consequences of the latest aggressive act in Korea in contravention of the UN Charter. In international affairs, the restoration of power rule will have widespread repercussion. The US will continue to support rule by law. I have instructed the American delegate to the UN Security Council, Ambassador Austin to report to the Security Council on these steps."

On June 28 Foreign Minister Chou En-lai issued a statement on Truman's remarks of the 27th. He said:

"After President Truman instigated the Syngman Rhee government to provoke a civil war in Korea, he issued a statement on June 27, declaring that the United States administration is determined to obstruct the liberation of Taiwan by armed force. The United States 7th Pacific Fleet has already headed for the coast of Taiwan according to Truman's order.

"I hereby declare on behalf of the Central People's Government of the Chinese People's Republic that Truman's statement on June 27 and the action of the American naval forces are nothing but an armed aggression of Chinese territory, and a thorough infringement of the United Nations Charter. Such an act of violence on the part of the American government is not out of the expectations of the Chinese people. It will only increase their anger, because the Chinese people had repeatedly exposed the aggressive designs of American imperialism on Asia. As a matter of fact, the American government instigation of the puppet Syngman Rhee government to attack the Korean Democratic People's Republic is a premeditated plan of the United States. Its aim is to obtain pretexts for the United States' invasion of Taiwan, Korea, Vietnam and the Philippine Islands. It also marks a step forward by American imperialism for intervention in Asian affairs.

"I declare on behalf of the Central People's Government of the Chinese People's Republic that, whatever may be the obstruction of American imperialism, the fact that Taiwan belongs to China will never be changed. This is not only a historical fact but is also confirmed by the Cairo and Potsdam declarations. The people of China will fight like one man for the liberation of Taiwan from the yoke of the American invaders. The Chinese people who have defeated Japanese imperialism and the Chiang Kai-shek bandits, running dogs of American imperialism, can certainly oust the American invaders, and take back Taiwan and all other territory belonging to China.

"The Central People's Government of the Chinese People's Republic hereby issues a call to all peace-loving, justice-loving and freedom-loving humanity in the world, particularly to the oppressed peoples in the East to rise against the new aggression of American imperialism in the East. If only we are not afraid of threats and resolutely mobilize the broad masses of the people for participation in the struggle against warmongers, such kind of aggression can certainly be defeated. The Chinese people express their sympathy and salute the peoples of Korea, Vietnam, the Philippine Islands and Japan who are carrying on their war of resistance against the American invasion, and are firmly convinced that all the oppressed peoples in the East can bury the ferocious American war fabricators in the fire of wrath of their great struggle for national independence."

Workers for Northeast

THE nation's industrial core, the Northeast, has seen the recruiting of 240,000 workers from various parts of China during the first five months of the year. This marked the completion of the government's recruitment plan for the January-May period.

New arrangements have been made to continue enrolling even more workers for the Northeast. Compared to last year, when the total recruitment of workers was 240,000, the pace set this year is at least double.

The beginning of June saw a meeting between the Northeast Labor Bureau and 10 other government organizations to make plans for the recuriting drive. The recruiting is a part of the 1950 plan of economic reconstruction of the Northeast.

The Week's Business

Organization of private banks for joint aid to productive enterprises is a new feature in Shanghai and reflects an improving economy, which is also evidenced by increased deposits at the banks, rising revenue, decreasing government expenditure, and a stable market.

* * *

IN consideration of the new situation arising from the country's improved finance and economy, the private banking institutions of Shanghai have been making readjustments and promoting their business. In order to aid productive enterprises more effectively, the private banks have linked themselves into groups following month long discussions. The "First Joint Organ of Private Shanghai Banks" was recently set up by 12 banks, including the Chung Hsin Bank, the Chung Fu Bank, the China Development Bank, the Chung Kuo Keng Yeh Bank, the Chung Hua Industrial Bank, the Ho Chen Bank, the Mou Hua Bank, the Chen Cheng Bank, the King Yuan Native Bank, the Fu Yuan Native Bank, the Pao Feng Bank and the Chung I Trust Company. The establishment of this joint organ was followed by the formation of two other groups, each consisting of 12 private banks. The setting up of two further syndicates of a similar nature by the remaining banks of Shanghai is reported in the offing. It should be noted that the organization of such joint bodies is unprecedented in the history of Shanghai's institutions.

Improvement in the banking business has also been reflected by increase in the amount of deposits. At the Chung Mou Native Bank, deposits in May increased by 170 percent over those of April. In the Tai Lai Native Bank deposits rose by 150 percent during the same period. According to the *Ta Kung Pao*, the balance of deposits held in local banks and banks operated jointly by public and private interests at the end of May reached JMP567,148,100,000, marking an increase of 20.3 percent as compared with the end of April. The balance of loans at the end of May was JMP252,248,840,000, representing an increase of 1.95 percent over April.

Meanwhile, the financial position of the various levels of government in East China, according to local press reports, has been greatly improved. Since the month of March, revenue for the different levels of government has been increasing, while expenditure has been decreasing. The total revenue in the East China region in March was 68 percent higher than in February. Income was increased by 120.01 percent in April and further by 109.67 percent in May. The actual outlay in the region for the month of March was 5.45 percent lower than the amount prescribed by the Central People's Government. In April, another reduction of 41.51 percent was made, and in May there was a still further decrease of 23.81 percent.

In the local commodity markets, quotations generally remained stable. The parity unit varied by less than one percent during the week period. Quotations for metal products ruled slightly firm.

With regard to foreign exchange, the Shanghai Branch of the Bank of China was instructed by its head office to discontinue quotations for notes of foreign currencies other than US and HK dollars as from June 22. Only US and HK dollar notes will still be collected by the Bank of China for conversion. In the domestic remittance market, the Shanghai Branch of the People's Bank provided remittance services to 24 additional cities in the country, beginning from June 26. Thus a total of 719 cities in the country are now connected with Shanghai for domestic remittance services by the People's Bank.

As a result of stabilized commodity prices, further reductions have been affected in local public utility rates, including those for water, power, gas, with decreases ranging from 10 to 35 percent. Even postage and other services have been reduced.

Quotations

Following is a listing of representative commodity prices.

	June 21 JMP	June 28 JMP
Parit unit	5,175	5,172
US dollar (TT)	37,000	37,000
20's yarn	5,170,000	5,500,000
42's yarn	7,880,000	8,240,000
12-lb. cloth	240,000	245,000
Rice, 1st grade	256,000	256,000
Battleship flour	—	59,000
Peanut oil	480,000	475,000
Coal briquette	17,500	17,500
Kerosene, Kuokwang	100,840	103,840
Koo Pan soap	238,000	235,000

Sino-Czech Trade

TRADE with Czechoslovakia will be of help to China in its efforts at economic reconstruction and industrialization, Premier and Foreign Minister Chou En-lai told the Czech correspondent in Peking.

Replying to questions asked by the correspondent, Chou stated: "The trade agreement signed by the Central People's Government of the People's Republic of China and the government of the Republic of Czechoslovakia is an important beginning of friendly economic cooperation between the Chinese and Czech people. It will be of help to the economic reconstruction of the two countries and the industrialization of China."

With regard to future trade relations between the two nations, Chou said: "With the trade agreement signed by the two governments as a foundation, trade relations will be more consolidated and expanded as the respective economies of the two countries grow and develop." Premier Chou also replied to a question on the effect of the agreement with regard to world peace. He stated: "The economic cooperation between China and Czechoslovakia has strengthened the friendship and unity of China and Czechoslovakia. This is a great contribution to the world peace camp headed by the Soviet Union."

The trade pact between China and Czechoslovakia was signed in Peking on June 14. By virtue of this pact, China will export various kinds of raw materials to, and at the same time, import different sorts of industrial machinery and materials from Czechoslovakia.

HONGKONG

Capital Leaving Colony

RECENT reports from Hongkong claim that capital from the rich British colony has been finding outlets in Thailand and Indo-China. The middle of June also witnessed large transfers of capital to the China mainland. This followed the May record for transfers of capital to the mainland since liberation. Total May remittances were HK $42,246,000, an increase of 25 percent over April.

Unofficial statistics place the transfer of capital from the colony to Bangkok in May and the first half of June at 30,000,000 *ticals*. At the same time, the colony was reported to have transferred HK$20,000,000 to Indo-China during the same period.

HK Businessmen in NE

THE last week in June saw the arrival in Mukden of a delegation of businessmen and industrialists from Hongkong and Macao. The group touring the Northeast visited a number of Mukden factories.

At a party given in their honor, the head of the group said: "In our brief stay here we have been highly impressed by the industrial development, workers, labor enthusiasm and improved relations between public and private enterprise and between labor and capital. We certainly will report these things to our fellow countrymen in Hongkong and Macao."

INTERNATIONAL AFFAIRS

JAPAN

Soft Peace Sought

THE British Commonwealth is all for a soft peace with Japan. In direct contrast to the harsh line taken up in Canberra two years ago, that the peace treaty should punish Japan for aggressions and damage to the Allies, the newly envisioned peace pact is said to be aimed at lessening "the risk of any Japanese alliance with the Soviet Union and China."

The Commonwealth peace plans would restore Japan's sovereignty; excuse her from paying reparations; end the Allied occupation soon after the treaty is signed; reduce Allied political and industrial control to a minimum; give Japan the right to build merchant and passenger ships with minor limits as to tonnage and type and give her the right to build a civilian air force with minor limitations.

Commonwealth nations were reported hopeful that Japan will sign a separate treaty giving the Americans base rights in Japan and it was expected that the US would take the initiative, sooner or later, in calling a Japanese peace conference.

At the same time, the Philippines were reported to oppose a separate peace with Japan. Taking cognizance of bitter feeling among the Filipinos resulting from Japanese aggression in the Philippines, government leaders have come out against a separate peace.

Romulo warned that a separate peace would place Japan in a position where she "would wring maximum concessions from the US and other Allies under threat of making a better deal with the Russians." President Quirino has already come out with an announcement that the Philippines would not countenance a separate peace for Japan.

Backing up Quirino, the *Philippines Herald* editorially stated: "During the war it would have been treason to the Allied cause for any country fighting against fascism to have even suggested a separate peace with Japan; it was on the contrary the solidarity of the Allies to the end that gave them the victory. The Philippines would fare badly under a system of separate treaties. The Philippines is a much smaller power than Japan and the latter could dictate her terms under such a system."

MacArthur's Peace

ON the eve of the meeting with Dulles, Bradley and Johnson General MacArthur was reported to be ready to sign an immediate separate peace treaty with Japan. A "reliable American source" in Tokyo was the basis of the report.

According to the same source, it was not clear whether MacArthur was in favor of American troops staying at leased bases in Japan after the treaty or their withdrawal to Okinawa.

Japanese quarters close to Premier Yoshida revealed that the premier would tell the trio of visiting American big-wigs that he would want US troops in Japan for at least one year after the peace treaty because it would take a long time for his police to take over. Much actual "policing" is not necessary now because of the Eighth US Army.

MALAYA

Tin Not so Bright

THE tin industry faces a grim future as a result of the "generally unsettled state in southeast Asia" and is not likely to return to pre-war output capacity, according to the chairman of one of the largest smelting companies in Malaya. It was intimated that southeast Asia's tin industry comes clearly into the cold war picture because of strategic stockpiling in the US.

The report of the tin leader pointed out that until miners could work free of the fear that their work would be interfered with by the "bandits" there is little likelihood that production would increase.

Malaya's tin industry is second in importance only to rubber. It is one of Malaya's—hence the British Empire's—biggest dollar earners and its exports help offset the present unfavorable British balance of trade.

Campaign Funds Wanted

ONE of the most important results of the recent visit to Malaya of the British Secretaries of State for War and for the Colonies was that Britain would almost certainly pay more attention to the fight against the guerillas, according to the influential London weekly, the *Economist*, which said if the struggle in Malaya is lost, or allowed to drag on, British influence would be lost throughout the East. "And with it would go much of the country's trade and standard of living," the weekly added. The *Economist* also stated that all these things hinge upon adequate British financial assistance to Malaya.

Meanwhile, the *Crown Colonist*, a monthly publication, stated that the government should not "shrink from proclaiming martial law" in Malaya. "More troops, more police, more equipment, improved intelligence services and better protection for estates are wanted," the magazine stated.

In London, reporting on his Malaya trek, War Minister Strachey told the House of Commons that substantial reinforcements of land and air forces were arriving to join the "toilsome operations" on the Malay peninsula. He stated that American M-2 carbines were going to Malaya soon. He qualified this by declaring it would be a mistake to attach too much importance to any one weapon. It might be important but would not be decisive, he believed.

THE PHILIPPINES

An American Obligation

THE US is obliged to defend the Philippines should Taiwan fall, according to an editorial in *The New York Times*. Commenting on the major problems facing the Philippines, the *Times* said in an editorial: "The Filipinos have the right to ask our assistance and we should be glad to give it."

Apparently disregarding recent American press reports of rampant corruption and a general likening of the Philippine situation to the China of a few years ago, the paper was all for direct action. Regarding the question of law and order in the islands it was quite simple for the *Times*. The problem "boils down to the question of wiping out the Communist-directed Hukbalahap movement once and for all."

The editorial said Quirino was quite right when he dismissed abruptly talk about "bases," and stated his government would welcome whatever forces the US would send. It went on to declare: "We are not in the process of negotiating for footholds in an alien country for the sake of American operations."

Romulo Replies

AMERICAN press reports about the seriousness of the Philippine situation have brought on a reply from Secretary of Foreign Affairs Romulo. In an article especially written for the *United Press* in Washington, Romulo denied that the Philippine government is in danger of collapse.

According to Romulo, the armed forces of the Philippine Republic are enough to prevent the dissidents from having any real power anywhere. He also stated that "an external threat to the Philippines is imminent regardless of what happens to Taiwan."

Romulo asserted that his country needed help from the US but said "it is not in so desperate a condition that it will pay any price for such help. The suggestion which has been made by some of our so-called 'friends' here (Washington) to the effect that the US should return and resume its sovereignty over the Philippines is generally looked upon by our people as un-American."

Muddled Mission

ACCORDING to official Washington circles, President Truman had proposed sending an American mission to the Philippines to survey overall problems. However, it was reported, Quirino sought to make the undertaking a dual American-Filipino one, which was unacceptable to America.

As a result, the mission was brought to a standstill, awaiting Manila's decision on the US proposal as originally made. Some reports claimed that Detroit banker Joseph M. Dodge had been considered for the post as mission leader.

INDIA

Bombay Strike

ARMED police took up positions along Bombay's four-mile waterfront after 6,000 dock workers went on strike following a breakdown in negotiations. The police were rushed onto the scene following the strike decision which was expected to paralyze loading and unloading in the port.

On the first day of the police vigil Bombay reports stated that the entire waterfront was dotted with tents to protect the police from a pouring rain during their night vigil. The authorities were reported to have "completed arrangements to meet any eventuality." The chairman of the Port Trust hinted at the possibility of troops being summoned to the docks if necessary.

A union official stated that with the breakdown of negotiations and the stevedores locked out, the only alternative for the union was to call a total stoppage of work.

Nehru's Critics

FOUR former members of Prime Minister Nehru's Indian cabinet have turned out to be bitter critics of the Indian chief. This antagonism preceded and followed the recent cabinet reshuffle over the question of Indian-Pakistan communal disturbances and the Nehru-Liaquat pact on the minority problem.

The ex-finance minister, following his resignation, created a mild furor in the Indian press by a statement alleging extravagances in Pandit Nehru's unnecessary "interference" with other portfolios. Some newspapers took up the cudgels and editorially made allegations over what they thought was Nehru's attitude of "having his own way." They also referred to the esteem in which ex-Finance Minister Matthai was held and considered a financial expert.

In addition to Matthai's differences with Nehru which, according to one report, have "caused disturbances in financial circles," the resignations of Dr. Mookerjee and Mr. Neogy also were reported to be showing certain political portents which may have wide repercussion. Neogy and Mookerjee both come from West Bengal, the southeastern border state of India where the Indo-Pakistan communal discord took place early this year.

Since their resignations these two ex-ministers are being lionized in the Bengali press and Dr. Mookerjee is reported trying to cash in on his own resignation. Inasmuch as the Hindus in Bengal, particularly thousands of displaced persons who have come over from Pakistan (East Bengal), are anti-Pakistan, anti-Moslem and therefore bitter critics of the Nehru-Liaquat pact, Mookerjee's chances of heading an anti-Congress force are seen by many observers as quite bright. As spadework, Mookerjee has already started making tours of refugee establishments and now claims himself as the de facto leader of the displaced persons.

THE WEST

Bleak Italy

FOR State Department optimists on the European recovery program a recent report on Italy by Senator William Benton was a damper with a vengeance. According to the senator, just back from Italy, under the Marshall Plan the country presented "a picture of the rich getting richer and the poor getting poorer." Benton also told Washington that Italian business monopolies appeared to be "getting stronger as they benefit from American machine shipments."

Benton's report waxed pessimistic. He scored the lack of progress in revamping the Italian tax structure and land distribution system. He said that in some central Italian towns, such as Milan and Tuscany, a large percentage of the population were Communists. He also criticized growing cartel practices in "major field after major field" of business.

The senator has been an outspoken champion of the Marshal Plan, but he said his observations in Italy "discouraged him greatly," because the US has spent US$3,000,000,000 there in aid since war.

However, on the brighter side for the senator were the efforts of the de Gasperi government to narrow the dollar gap, increase exports, push land reclamation and strengthen the police.

Civil War in Korea

FIGHTING broke out in Korea on June 25, according to reports from both the northern and southern sections of the country.

A communique released by the Ministry of Interior of the Korean Democratic People's Republic at Phyongyang announced that South Korean forces had launched a surprise attack along the entire length of the 38th parallel dividing line at dawn on Sunday. South Korean troops penetrated from one to two kilometers into North Korea in three places: the western part of Haichu district and Kimchen district in Hwanghai province and Chelwon district in Kangwon province, the communique said.

North Korean troops had been ordered to repulse the attack, it added.

Dispatches from Seoul and Tokyo claimed that the attack had come from the opposite direction and that North Korea had declared war on the south. So eager were they to spread this version that initial reports carried the false information that the North Korean radio had made an official declaration of war on Sunday.

Actually, it was not clear whether or not all-out civil war had begun until the following day, when a new communique was issued in Phyongyang declaring that security detachments of the Korean People's Democratic Republic had checked the South Korean offensive and, together with the People's Army, had gone over to a counter-offensive against Syngman Rhee's troops. The counter-offensive had carried them from five to 10 kilometers into the territory south of the 38th parallel, the communique reported.

At the same time, Kim Ir Sen, chairman of the Council of Ministers of the Korean People's Democratic Republic, in a radio address on June 26, issued a call for the liberation of South Korea, the liquidation of the Syngman Rhee government and the unification of the country "under the banner of the Korean People's Democratic Republic."

The North Korean leader outlined the steps that had been taken by his government to bring about unification in a peaceful way and charged that the Rhee regime had replied to these moves by "unleashing internecine war."

In June of last year, he said, "71 patriotic parties and public organizations affiliated with the United Democratic Fatherland Front of Korea (UDFF) came out with a proposal on the peaceful unification of the country by holding general elections." This proposal, he said, was "ardently supported by the people" but its realization was blocked by the Rhee government.

Again this June, the UDFF "proposed to effect a peaceful unification of the country" but the Rhee regime declared that "it would consider as traitors" all who supported the proposal. On June 19, the Supreme People's Assembly of Korea proposed that the unification of the country be carried out by "uniting the Supreme People's Assembly of the Korean People's Democratic Republic and the so-called National Assembly of South Korea into one legislative body for all of Korea." Rhee's answer to this proposal, Kim Ir Sen declared, was the armed attack on the north.

In Seoul, Syngman Rhee was reported to have telephoned an appeal to General MacArthur in Tokyo for military aid. MacArthur's headquarters has announced that 10 Mustang fighter aircraft are being sent to Korea.

In Washington, President Truman announced that the US would intervene in the fighting by providing naval and air support for Rhee's troops.

QUESTION OF THE ECONOMIC SITUATION AND THE READJUSTMENT OF INDUSTRY, COMMERCE AND TAXATION

Text of a report submitted to the National Committee of the People's Political Consultative Conference by Chen Yun, chairman of the Committee of Financial and Economic Affairs of the Government Administration Council.

EIGHT months have gone by since the Central People's Government was established. During this period, the Government Administration Council and the Committee of Economic and Financial Affairs have done some work in the economic and financial field. Some aspects of our work affect the entire country and the broad masses. These are the centralization of management and leadership of the financial and economic work of the state; the collection of the public grain and taxes; the issue of public bonds to balance revenue and expenditure in public finance; the stabilization of currency and prices; the taking over, the setting up and the beginning of rehabilitation in the state-owned industrial, commercial and financial enterprises; investment in transport, water conservancy, agriculture and certain industries; the readjustment of the relations between public and private economy and labor-capital relations; reshuffling of food supplies to big cities; allocation of grain and money to relieve the population in devastated areas and the unemployed workers.

Some of our work has shown marked achievements while some is just beginning to show results. These achievements have been brought about by the support, assistance and strenuous efforts of the broad masses of the people, the government personnel at all levels and democratic persons of all circles throughout the country.

Defects exist in all our work and some mistakes have been made in parts of the work. These arise mostly from lack of proper understanding of the situation and lack of experience, and they are being corrected. Our tasks for the future are: To carry further and develop our successes and attainments, consolidate them, summarize our experiences and analyze the situation; to educate our cadres; to carry out our work conscientiously and painstakingly, exerting all our efforts to carry out step by step the financial and economic tasks set down in the Common Program; to realize the aspirations of the people of the entire country and to fight for a fundamental turn for the better in the financial and economic situation.

My report to the second meeting of the National Committee is on three questions which concern us all: the general situation at present on the economic front, the readjustment of industry and commerce and the readjustment of taxation.

Three important conferences dealing with economic matters have been held in Peking in recent months. These meetings discussed, in the order listed, questions of labor-capital relations, industry and commerce, and taxation. The conclusions reached are set forth in this report to the current PPCC National Committee meeting in Peking by Chen Yun, chairman of the Committee of Finance and Economic Affairs of the Government Administration Council. Mr. Chen, who headed the Northeast Financial and Economic Commission prior to the formation of the Central People's Government of China, in his report describes the unsound economic legacy left by the Kuomintang and what steps China proposes to take to rehabilitate industry and readjust taxation in order to develop her economy.

I

GENERAL ECONOMIC SITUATION

AT the present time, our country's economic and financial situation is at a great historic turning point—of the transformation from a semi-colonial, semi-feudal economy into an independent, free new democratic economy, from retrogressive and adverse conditions to progressive and favorable conditions.

The long years of inflation and commercial speculation resulting from the rule of imperialists and the Kuomintang reactionaries are retrogressive, unfavorable conditions.

Without changing these adverse conditions, we cannot stabilize our economy and market and lead the productive enterprises and commerce of society into normal channels. This is a very important starting point for the establishment of a new democratic economic order for the transformation of the national economy.

We can now say we are beginning to achieve success in this, though, of course, we should not be in the least complacent about it, because our big job is yet to be done. Numerous and important talks still remain on the economic front, we still have to eliminate, step by step, many adversities of the people bequeathed by the rule of the imperialist and the Kuomintang reaction, our war wounds still have to be healed and the people still face numerous difficulties. Moreover, we lack experience in such work and we can only accumulate experience gradually in the course of the work.

Nonetheless it should be recognized that we have already achieved a series of successes. Centralized control of economic and financial work has been effected, revenue and expenditure in public finance are approaching equilibrium and our currency and prices of commodities are becoming stable. These measures have undoubtedly been carried out correctly and they reflect the turn for the better in our country's economic situation which is beginning.

The broadest masses of the people have begun to see and feel the benefits of stable currency and prices. Quite a number of far-sighted and patriotic national capitalists are beginning to realize that such stability is beneficial to the future of their enterprises.

At present industry and commerce are confronted with many difficulties. This is because: first, as a result of the stable currency and prices, the false purchasing power in our society in the past has been brought to light and eliminated. That is to say, during the inflationary period of the past 10 years and more, rather than keep the money in their possession, the people competed with each other in buying and hoarding things not for their own consumption but in order to avoid losses arising from the fall in the value of paper money.

Now the situation has changed. The people have not only stopped hoarding, but the hoarded goods are being unloaded on the market. Thus there is a temporary excess of supply over demand in certain commodities on the market. Business is bad and many industrialists and merchants are experiencing difficulties.

Such a situation will be very short-lived. After the hoarded goods are sold out, supply and demand will return to normal.

Second, certain industrial commodities and a certain kind of commerce, which developed to conform with the colonial and semi-colonial economy, have entirely lost their markets because of the elimination of imperialism, feudalism and bureaucratic capitalism in China. Many other commodities, too, do not fit the standards required by the people. This gives rise to closing down of a certain section of industry and commerce, which in turn brings unemployment to a section of workers, who need to be given relief or to turn to other trades.

Third, the swollen organization of many private enterprises, their irrational methods of operation, their high costs and low profits or even losses, have also given rise to the phenomenon that many industrial and commercial enterprises are reducing their scale of business or even closing down. There must be readjustment in order to find a way out for them.

Fourth, planlessness and blind competition among enterprises in the same trade and the disharmony of supply and demand between various places also result in a falling off in production, suspension of production and closing down of enterprises. Moreover, the protracted war and the great reduction in the people's buying power have brought about a slackening in industry and commerce. This is clear for all to see.

All these are our historic legacy. These problems present themselves sharply now because the semi-colonial and semi-feudal economy which has long existed has undergone fundamental changes. Although accompanied with some sufferings, these changes themselves are not bad. They will bring about a renaissance, reconstruction, prosperity and the establishment of a healthy new democratic economy. Chairman Mao analyzed the situations in the old and the new liberated areas. The sufferings and difficulties referred to are only phenomena of the newly-liberated areas. In the old liberated areas, the sufferings and difficult problems have either already been solved or are approaching solution.

Chairman Mao set forth the three conditions for solving these sufferings and difficult problems. They are: 1) the completion of land reform; 2) the rational readjustment of existing industry and commerce; 3) drastic economy in expenditure by the state organs.

We can win these conditions throughout the country in about three years. All pessimistic views on the economic questions are groundless. This is our analysis, in brief, of the general situation at present on the economic front in China.

II

READJUSTMENT OF INDUSTRY AND COMMERCE

THERE are many problems under the heading of readjustment of industry and commerce, including the readjusting of relations between publicly owned and privately owned industry and commerce, between

various publicly owned enterprises, between various privately owned enterprises, between industry and commerce, between financial, industrial and commercial enterprises, between city and countryside, between different areas within the country, relations within the various enterprises and relations between imports and exports. Here I am only going to speak in the main on some policies and measures of the People's Government in the readjustment of relations between public and private interests.

You all know that the People's Government protects national industry and commerce. The Common Program gives recognition to the existence and need for the development of all private capitalist economy beneficial to the national welfare and the people's livelihood and which does not exercise predominating control over the people's livelihood.

In China, which is backward in industry, it will be progressive and beneficial to the country and the people for the national capitalists to develop industry and make investments in it for a long time.

Although Chinese commercial capital is over inflated in the big cities, at the same time we know that China is a vast country where scattered small production predominates and the existence of private merchants is, therefore, inevitable. The state allows private capital to conduct commercial activities in order to develop the circulation of commodities. This is beneficial to both the state and the people.

The People's Government protects the interests of all capitalists who benefit the nation's welfare and the people's livelihood, but at the same time it opposes the disruptive activities of speculators, which are detrimental to the nation's welfare and the people's livelihood. Of all the components of the social economy, the state economy is the leading force.

These are our basic points of departure in carrying out the various tasks of readjusting the relations of public and private economy. The basic policy of the people's government on the relations of public and private economy is stated, clearly and precisely, in Article 26 of the Common Program which reads: "The state shall coordinate and regulate state-owned economy, cooperative economy, the individual economy of peasants and handicraftsmen, private capitalist economy and state capitalist economy, in their spheres of operations, supply of raw materials, marketing, labor conditions, technical equipment, policies of public and general finance, etc. In this way all components of the social economy can, under the leadership of the state-owned economy, carry out division and coordination of labor and play their respective parts in promoting the development of the social economy as a whole." From this we can see that what is described as public and private relations include the relations between the five components of the social economy. Today I will not speak in detail on all the questions concerning these relations, I will only speak on some questions which must and can be settled.

We believe that the people's government should take the following steps to achieve harmony between public and private relations in order to alleviate the difficulties which have arisen during this historic turning point in the economy of the country.

Industry

1) Whenever possible the government and the state-owned enterprises will entrust private factories with processing work and place orders with private factories. The Committee of Financial and Economic Affairs under the Government Administration Council will centralize the orders for processing work and goods placed by the state-owned enterprises, government organs and the army. We hope that we will be able to allocate these orders to both publicly owned and privately owned factories every six months. Contracts will be signed in such a way that publicly owned and privately owned factories can organize their production in a planned way.

2) The government will purchase a part of the products of agriculture, and provide facilities for industrial goods which can be exported but which are having difficulties at present. In this way it is expected that both home and foreign markets for industrial goods will expand.

3) The government will combine public and private resources in organizing the turnover of industrial capital.

4) The government will call on private enterprise to improve management methods, improve relations between labor and capital and to overcome their business difficulties jointly.

5) In order to adjust the relationship between public and private enterprise, the government is prepared to unify in stages and readjust the dispersed productive enterprises of all government offices, army units and organizations which are outside the sphere of state enterprises. It can thus bring them into harmony rather than into conflict with the private enterprise, handicraft industry and the subsidiary occupations of the peasantry.

6) The government will periodically inform the country which branches of industry have temporary over-production or are reaching over-production or are reaching a saturation point, so that the people may take warning and minimize the harmful effects of lack of planning.

7) The government will undertake unemployment relief at key points, organizing as many as possible of the unemployed to take part in state and public works projects, such as water conservancy, city reconstruction and so on.

Commerce

1) It is provided in the Common Program that: "state-owned trading organizations shall assume the responsibility of adjusting supply and demand, stabilizing commodity prices and assisting the people's cooperatives." This requires the government to fix suitable price policies from time to time in accordance with economic conditions—that is, to maintain an appropriate difference between wholesale and retail prices, and between prices in various areas. The range of this difference must be such as to offer appropriate profits to retail merchants and merchants in distant places, thus facilitating the flow of trade and favoring the recovery and expansion of production.

2) Retail and department stores operated by the state trading organizations will be restricted to a number sufficient to stabilize prices in the retail market and to halt speculative merchants from deranging the market. These retail stores may only sell six kinds of daily necessities—grain, coal, cotton cloth, edible oils, table salt, kerosene. It is the responsibility of the state wholesale companies to recall currency and to stabilize wholesale prices.

3) The people's livelihood is greatly influenced by the existence and rate of turnover of the market for agricultural produce. Today purchasing by the state trading organizations is still confined to only a part of the main agricultural products and export goods, and a part of the peasants' major subsidiary products. Cooperatives and private merchants must be encouraged to buy the remainder.

4) An appropriate price for agricultural produce must be maintained to protect the legitimate productive interests of the peasantry. But consideration must be given to the profits of marketing and transport, thus providing agricultural products with a wide market which is beneficial to the peasantry.

5) In order to speed up the interflow of goods between the town and countryside, which will benefit both peasants and urban dwellers, the local people's governments must provide ample marketing and transport facilities for private merchants. Proper consideration must also be given to them in laying down taxation policies and procedures.

Finance

It can now be said in this respect that the state banks are continuing to assist the public and private banks to grant loans jointly, and to expand their businesses gradually on their present foundations.

Organizing Industrial and Commercial Circles

In order to adjust relations between public and private enterprises, relevant matters must be discussed from time to time. It is good for public and private industrial and commercial enterprises to join together and form trade associations and associations of industrialists and businessmen.

Some of the aforementioned measures have been, and some are about to be put into practice. Of these, the first measure concerning industry—that the government or state enterprises commission private factories to process the goods they supply and place orders with private concerns—occupies the more important position today both in the national economy as a whole and in private industry. In regard to this measure, we believe the following two methods must be observed:

First, when goods are given to private factories to process or orders are placed with them, the rates for processing or the prices of goods ordered must not be calculated on the basis of the high or low technical level of the individual factory, but according to the medium standard of the average factory in the same area under normal conditions.

Such standards for processing rates or the prices of goods must be equally applied to both public and private factories. If the processing commissions or orders for certain products are not for the needs of the government and state enterprises themselves, but are placed to keep the private factories from suspending production, then, in such circumstances, processing fees and prices of goods should generally be lower than normal to lighten the burden on the government and the state enterprises. But all rates for processing, prices of orders for goods and terms of delivery must be agreed upon by both parties. Contracts must be voluntarily signed.

Secondly, all orders for processing and for goods from the government and the state enterprises must be handled and allocated through the industrial and commercial bureaus of the local people's government in order to secure proper distribution among various public and private factories. All local associations of industrialists and businessmen, trade union councils, trade associations, and industrial trade unions must offer their assistance and guarantee the fulfilment of these contracts in terms of time, quantity and quality, so that the transaction can be carried out to the letter.

We believe the above-mentioned measures, if they are successfully enforced, can help industry and commerce throughout the country to surmount their present difficulties. In addition, some people have proposed that the government work out a regulation covering investments, or a company law. We believe that this is necessary and it is now being drafted. This is all that I wish to say on the question of adjusting the relationship between the public and private economy.

III

READJUSTMENT OF TAXATION

AFTER our financial work throughout the country was unified in March this year, a new situation arose in our national finances in which income and expenditure approached equilibrium. The state budget was nearly balanced during March, April and May, leaving only a small deficit, very few new banknotes were issued and, in consequence, the stabilization of currency and prices was attained.

But a number of errors occurred in our work. These errors and defects arose in our handling of the agricultural, industrial and commercial taxes and in the issuing of public bonds. The people have already expressed their dissatisfaction over these errors and defects and we must correct them. For instance, in collecting public grain, there were cases of over-taxation or under-taxation in different areas or among different sections of the population. In urban tax collection, there were similar cases of over-taxing and under-taxing as well as tax evasion and failure to collect taxes. The higher authorities are mainly responsible for these deviations, that is, the departments in charge of finance and economy, and the blame should not be placed on the tax-collecting staff workers.

We have acquired rather abundant experience from our past work on the basis of which we can tackle our taxation work successfully. On tax policy the Common Program stipulates: "The tax policy of the state shall be based on the principle of ensuring supplies for the revolutionary war and taking into account the rehabilitation and development of production and the requirements of national construction. The tax system shall be simplified and equitable distribution of burden effected." In order to bring our taxation work into complete conformity with this stipulation, the People's Government should systematically adopt the following measures:

Agricultural Taxation

Taxes must only be imposed on the principal agricultural products. We should not collect sundry taxes which hinder the development of agriculture, rural subsidiary occupation and livestock breeding.

In order to show regard for the present economic situation in the countryside and to encourage the peasants' productive enthusiasm, agricultural taxation should be appropriately reduced. Taxes must then be collected according to this fixed rate, with no increases or reductions allowed. The recently announced decision of the Government Administration Council to reduce the summer public grain taxation in newly-liberated areas in 1950 is the beginning of this.

Agricultural taxation should take normal yield as the standard. The portion which exceeds the normal yield as a result of energetic cultivation on the part of the peasant masses must not be taxed, thus encouraging the peasants' enthusiasm for production.

A reasonable line below which transactions in rural areas are not taxed should be fixed. This tax should only be imposed on transactions involving relatively large quantities of goods while peasant transactions of very small quantities of goods should not be taxed.

Industrial and Commercial Taxation

The policy of taxing industry and daily necessities more lightly than commerce and luxuries should be continued.

Tax collection must not exceed the prescribed rate.

The innumerable tax items must be simplified. Over 200 tax items will be cut out and more than 200 other tax items will be simplified or consolidated. (For example, various kinds of cotton piece goods will be taxed only once in the form of a uniform tax on yarn. Various kinds of woollen piece goods will be taxed only once in the form of a uniform tax on woollen yarn). Altogether some 500 items of tax will thus be eliminated.

The salt tax to be reduced for the benefit of the broad masses of consumers.

The method of tax assessment and calculation must be unified, uniform interpretations should be made in accordance with actual conditions.

A tax supervisory committee will be set up in every large city comprising representatives of the taxation bureau, industry and commerce bureau and associations of industrialists and businessmen with power to examine the questions affecting the amount of taxation and penalties.

Tax Collection Workers

The People's Government must strengthen its work of educating the tax collectors so that they have a correct understanding of the policy and the necessary knowledge of taxation and develop a good style of work; so that all of them will strictly follow the policy, cooperate with the people and not cause dissatisfaction; and so that they do not become bureaucratic or authoritarian but are yet able to check corruption and tax evasion. They must do their work with honesty and devotion. The People's Government must get its work done effectively in the summer, autumn and winter quarters of the year.

* * *

THESE are my views on the three questions, namely, the economic situation, the readjustment of industry and commerce, and the readjustment of taxation. Whether my opinion is correct or not is a matter for you to examine.

In the last three months, the Ministry of Labor of the Central People's Government has convened a conference of directors of labor bureaus of various provinces and cities, the Committee of Financial and Economic Affairs of the Government Administration Council has convened a conference of directors of bureaus of industry and commerce of various big cities, and the Ministry of Finance has convened a conference of directors of taxation bureaus of various big cities. At these conferences, questions concerning labor-capital relations, readjustment of industry and commerce and readjustment of taxation were discussed in detail.

All these three conferences were attended by representatives of private industry and commerce. Most of what I have reported are the common views and conclusions of these conferences, especially the latter two conferences.

Our state and our people still have many difficulties at present. In order to fulfill our tasks successfully in the economic and financial field, we ask all army and government personnel, public functionaries, teachers, workers and employees to do their duty and voluntarily practice economy, strictly cut down any expenditure that can be cut down and properly readjust the numbers employed in the army and government institutions. We also ask all those who are ordered to transfer to new regions to go to their new posts with good spirit so as to minimize the waste of manpower and money by the state. We ask that the stocktaking be thoroughly completed and improvements made in the operation of state enterprises by all possible means so as to increase state revenue.

At the same time we ask all industrial and commercial circles throughout the country to pay their taxes promptly with a good spirit in accordance with the taxation regulations and to eliminate tax evasion. We ask the trade union councils' associations of industrialists and businessmen, trade associations and all workers and employees to assist the taxation personnel in fulfilling the taxation tasks of the state.

Our aim is to achieve rehabilitation and development of the people's economy and, at the same time, to reduce and wipe out the deficit in the state budget. We believe that this aim can be attained and that boundless prospects will open up for our country so long as the government and the people are joined in common effort.

(Hsinhua Translation)

LETTERS

(Continued from Page 73)

prices are continuing stable, these merchants still imagine that future super-profits will make up their recent losses.

Facts are that most of the firms that have felt price drops are those that mushroomed up with very little or no capital during the post V-J Day inflationary chaos and have depended upon speculation for hectic profits. Now, however, while the government values and aids private business and is consistently working to adjust public-private business relations on a basis which allows all enterprise a reasonable profit, super-profits are likely to be out of the question. Speculative enterprises may in fact be driven to the wall.

On the other hand, representatives of reliable, legitimate private firms say they are continuing to enjoy a good volume of trade which brings them fair and reasonable profit. At present, government and private business representatives are conferring on measures to further benefit private enterprises after realizing that sudden deflation was threatening legitimate as well as speculative profits. Private businessmen say the government is definitely aiding their business. One British import-export firm here is enlarging its office premises and increasing its staff still further.

In spite of Washington's embargo orders, prohibited commodities are appearing in Tientsin from Japan and South Korea. A shipment of copper from Taiwan has arrived here after being refined in Japan.

T. C.

Tientsin
June, 6, 1950

FALSE PROPAGANDA

To the Editor:

In regard to the article carried in the June 17 Review on distortions of China news by the western press, I thought you would be interested in another example that was recently sent to me from Hongkong. This was a press story that people in China had to listen to the Voice of America secretly as it was forbidden by the government.

I and many of my friends have been listening to the Voice of America off and on for many months now and no one has told us we couldn't. Actually, there would be no need for the government to tell us not to listen to it for all of us long before that press story was written have come to recognize the Voice of America for what it is. It is the Voice of the American State Department, which distorts and fabricates stories about China which we can see for ourselves are not true.

We have heard over the Voice of America about Russians in control of Shanghai and China, of uprisings all over the country, of dreadful famines. Even their so-called news is given in a very slanted and twisted way. But the worst is listening to the American commentators and what they call "special features." I was glad to see that you exposed one of their "special features" in the June 24 Review.

We are not taken in by such false and unfriendly propaganda.

V. C. CHEN

Shanghai
June 26, 1950

The Review's English Lesson CXXXVII

Nouns

BEFORE we take up the subject of nouns, we have a request from Mr. Lincoln Yao, of Shanghai. Mr. Yao wants to know about the phrase "in line of duty," as in the sentence, "Three workmen were injured in line of duty." This phrase, probably borrowed from the military, means here "while on duty," or "while at work." It is often written "in the line of duty."

* * *

THE definition of a noun is: a noun is a word that is used as the name of a person, place or thing. Thus, nouns are what we talk *about*, and verbs are used to tell what the things do, what happens to the things, or in what state or condition the things are.

Nouns are usually divided into four groups. **Proper nouns** are the names of particular, individual persons, places or things. Examples: Shanghai, Monday, Columbus, Beethoven, Asia. Each of these things is the only one of its kind, so it is spelled with a capital letter to distinguish it from common nouns.

Common nouns are the names used for a whole class, family or group of things, or for any one member of such a group. Examples: man, musician, city, day, continent. Each of these names refers to an individual belonging to a class. A man refers to any member of the human species, and is thus a name common to all men; but Beethoven refers to a certain individual.

Collective nouns are the names applied to groups or collections of persons or things—these nouns refer to the group or collection as a group, not to the individual members of the group. Examples: crowd, class, family, army, herd.

Abstract nouns are the names given to general ideas, qualities, or attributes of persons, places or things. Examples: eternity, space, freedom, honesty, patience.

In English, nouns, like other parts of speech, are only slightly inflected, compared with some other languages. These inflections, although slight, are important.

Gender: Gender indicates either the sex of the person or animal, or the absence of sex of the place or thing, denoted by the noun. Generally, in English, only persons and animals are considered as having sex, although there are some exceptions, as when a ship is referred to as "she." In French, on the other hand, every noun is either masculine or feminine.

English, then, has three genders: masculine, feminine and neuter. In the masculine gender are such proper nouns as men's names (Francis), and nouns that obviously refer to things masculine (brother, uncle, man, lion, actor, hero). In the feminine gender are women's names (Frances), and nouns that denote women (sister, aunt, woman, lioness, actress, heroine). In the neuter gender are the vast number of nouns that denote places or objects without sex (house, picture, pen, bicycle). Sometimes, to the above three genders, a fourth is added: the common gender, which refers to those nouns denoting persons or animals which may be either masculine or feminine (child, cousin, parent, pupil, teacher, bird).

This matter of gender is particularly important for Chinese students of English to learn. Pronouns *must* agree with nouns in gender, as well as person and number; it is a common fault to use "his" indiscriminately to refer to a man or woman. "John brought **his** book, and she brought **hers**."

Number: English has only two forms, the singular and plural, indicating whether a noun denotes one person, place or thing, or more than one. "Yesterday, I bought only one **book**; today, I bought ten **books**."

Number is important because the singular or plural is indicated by a difference in spelling. In the above sentence, "s" is added to the noun to form the plural. The plural of most nouns is formed in this way, but there are many exceptions, some of which we shall consider.

If the singular ends in s, x, z, ch or sh, the plural is formed by adding "es." Examples: dress, dresses; fox, foxes; bunch, bunches; blush, blushes.

Nouns ending in "o" *preceded by a consonant* also add "es" for the plural. Examples: echo, echoes; hero, heroes; potato, potatoes; volcano, volcanoes. (Some exceptions to this rule are: dynamo, dynamos; piano, pianos; solo, solos).

However, nouns ending in "o" *preceded by a vowel* add "s" for the plural. Example: radio, radios.

Next week, we shall continue with this subject of the singular and plural inflection of nouns.

上海香港路一一七號美國登有限公司承印
上海延安東路一六〇號密勒氏評論報發行